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SOVIET SHIP DEAL DEPENDS ON DENMARK BUYING OFFSETTING GOODS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Jul 82 p 7

[Article by Helle Ravn Larsen]

[Text] The Lauritzen Concern is assured orders for two ferries for the Soviet Union, if it can sell Soviet industrial goods valued at 150-200 million Danish kroner. The Danish State Railroads is already in the picture and will take goods for about 30 million kroner for electrification of the Danish railroads, if the Russians can fulfill the requirements of the Danish State Railroads in regard to delivery conditions, price and quality.

Director H. J. Esmann Olesen of the Helsingor Shipyard returned home on Saturday from Moscow with the requirements of the Russians.

"The Russians lack foreign currency. Hence, I shall try to sell goods for the amount corresponding to the cash payment for the ferries. The Russians have not made any time restrictions or limited the geographical area where the goods can be sold. But they have stipulated that they will be manufactured industrial products, for example, automobiles, lathes, tractors, or even Russian-build ships," says Director H. J. Esmann Olesen. Director Olesen is already in contact with firms abroad who have specialized in making this kind of contract.

"The shipyards are in a new situation, and it is a little bit like a puzzle to increase business. We are, nevertheless, quite optimistic and expect that we can present the Russians with a final proposal in the course of a couple of weeks," says Director Olesen, and adds that time is pressing, so things must be expedited if employment in the yards is to be saved.

The Danish State Railroads have submitted to the Russians their eventual contribution to saving the shipyard.

"In the fall we shall make a deal for about 30 million kroner involving rails, rims and bed plates. I see no reason for the Russians not meeting the requirements we impose on such a deal," says Sv. Aage Jenstrup, purchasing chief in the Danish States Railroads.

The minister of industry, Erling Jenstrup, does not have any concrete proposals which can help the hard-pressed shipyard. "The state will not involve itself in the transaction between the shipyard and the Russian state, but that does not mean that there is no possibility for the public sector taking orders from the shipyard."

6893

CSO: 3106/141

RHEINMETALL ACCUSED OF ILLEGAL ARMS EXPORT TO ARGENTINA

Hamburg DER SPIEGEL in German 19 Jul 82 pp 22-24

[Article: "When in Doubt, Remain Passive--On a Detour Via Spain, the Armament Concern Rheinmetall Is Said To Have Shipped War Materiel to Argentina"]

[Text] Chairman of the Board Hans Ludwig Hockel perceived a "political intrigue" which--what else?--had been started by "SPD leftists" and their press.

Hence, Hockel told the officers of the Duesseldorf armanent concern in succinct military language, the "attacks against Rheinmetall and German military technology" were to be "warded off" with determination.

Eleven months after this order was issued, the defense of the precision arms manufacturers has collapsed. Having investigated the fifth-largest armament firm in the Federal Republic for illegal arms exports for some years, Duesseldorf prosecuting attorneys are pretty certain that the firm has made unauthorized deliveries of war materiel to Argentina via Spain and Italy, partly even by "deceiving the authorities."

After evaluating the documents confiscated by detectives of the Federal Criminal Police bureau (BKA) at the headquarters of the firm in August 1981 and interrogating numerous witnesses, the Office of the Prosecutor submitted a report to the North Rhine-Westphalian Ministry of Justice which should suffice for an indictment against the heads of the firm for violating the war material control law.

According to the report, the Bundeswehr [Federal Armed Forces] suppliers Rheinmetall supplied not only Rh 202 dual-barrel antiaircraft guns but gun barrels and turret installations for the Argentine battle tank Tam and machines for manufacturing ammunition to the military junta in Buenos Aires.

A "preliminary evaluation," the report of the prosecution says, confirmed that "far more" than 999 MG 3 machineguns were shipped via Italy to Saudi Arabia. The deals were executed primarily via the affiliate Rheinmetall International in Brussels.

The brisk business amounting to millions of deutsche marks began quite legally. With Bonn authorization Argentina in the late seventies had

acquired prototypes and licenses for the Tam infantry tank from Thyssen-Henschel in Kassel, the tank bearing a striking resemblance to the Marder vehicle manufactured for the West German Armed Forces.

The armament desired by the generals in Buenos Aires was the Bundeswehr-tested canon of 20mm and 105mm caliber. Since the export of arms, arms parts and ammunition is subject to authorization under the war materiel control law, Rheinmetall applied for export licenses with the Economics Ministry in Bonn in November and December 1978. The people in Bonn gave their approval without much hesitation.

The guns were tested in part at the Unterluesch firing range owned by the firm and in part in Spain, and then shipped to South America.

In January 1979 Rheinmetall again applied for authorization to export 100 Rh 202 dual-barrel antiaircraft guns to Argentina. This time, however, "on instructions from higher up," the Bonn ministry officials said no.

As soon as 2 months thereafter, Bonn received another application--for the export of 199 barrels and 187 breech mechanisms complete with accessories to Spain. The authorization was given without delay since Spain, today a member of NATO, even then had the same status as that of a member of the alliance and was not subject to any limitations in the purchase of German arms.

Moreover, according to assurances by Rheinmetall, Madrid was prepared to sign a final consumer's clause obligating the recipient not to pass on the supplied arms without approval of the Federal Government.

Further applications for the supply of arms parts, projectiles, ammunition, sighting equipment and machines for the manufacture of ammunition were approved in September 1979.

Again, as in March, Spain was listed as the recipient. But very soon thereafter the arms, or part of them, turned up in Argentina. According to evidence gathered by the BKA investigators, they had been shipped to South America from Spain by ship and by air.

When the business became known, the BKA intervened, as it was supposed to do. Rheinmetall feigned surprise and promised "full access to the files." Stockholders who had learned about the investigations from the press were assured by Chairman of the Board Hockel that "we continue to stick to the statement that Rheinmetall has not engaged in any illegal arms exports."

The economics Ministry in Bonn too have assurances that according to its files everything was legal--that is, the arms had gone to Spain.

The suspicious investigators requested official aid, asking that the German military attache in Buenos Aires should say whether he knew anything about the matter.

The first place of information was brief: the attache was aware only of the authorized deals of 1978. When the BKA found this insufficient, the German bureaucracy tried to play for time. First the Defense Ministry and the Foreign Office argued about who was responsible for authorizing the giving of evidence. The military attache, though a military officer, as a member of the diplomatic corps is subordinate to the Foreign Office.

An official interrogation of the attache, the Foreign Office argued, might harm the reputation of the Federal Republic. It said the matter was of such fundamental importance as to require a decision by the state secretary if not by the minister himself.

Despite the Bonn delaying tactics, the prosecutors began investigative proceedings. On 12 August of last year they received a warrant for searching the headquarters in Duesseldorf and the residences of the managers.

A total of 46 BKA officers hauled away dozens of boxes containing documents, teletype messages and ledger extracts. The evaluation extending over several weeks revealed that the Rheinmetall management, contrary to its official statement, had not granted full access to the files but had "held back some business papers." At least that is what the report to the Duesseldorf Justice Ministry says. What really made the prosecutors doubt the sincerity of the Rheinmetall managers was the study of a document, harmless at first blush, bearing the title "code of behavior in case of unannounced visits."

This paper lays down precisely that in the event of a search every employee at first must play for time and inform management. There was no obligation, it said for example, to provide assistance, to submit certain files or to make helpful statements. "When in doubt, take a passive attitude."

As the investigators recall, the witnesses during the search and the interrogations adhered to these rules so exactly as if the game had been played several times before.

The managers behaved exactly in accordance with paragraph 4 of chapter 3 of the Rheinmetall code, which states that it might be necessary to render "assistance with a purpose"--for example by "selectively submitting files with a view to avoiding a large-scale search."

The report by the Duesseldorf prosecutors, extracts of which have meanwhile become known on the management floors of German arms enterprises, has caused an uproar in the entire industry. It includes a sentence presaging additional revelations--in Hockel's words, "intrigues"--in the next few months.

According to the prosecutors, the evaluation of the confiscated Rheinmetall documents, led to additional "accidental finds" about illegal war materiel deals about which nothing had been known before.

8790

CSO: 3103/602

SNECMA OFFICIAL SAYS 'STRICTER MANAGEMENT' NEEDED

Paris L'USINE NOUVELLE in French 10 Jun 82 pp 110-111

[Article by Antoine Thiboumery: "New Risks for SNECMA"]

[Text] In the red. SNECMA [National Aircraft Engine Research and Manufacturing Company] has not been in a similar situation in 10 years. Poor sales of some engines and the difficulties of its subsidiaries, Hispano-Suiza and Berthiez, are part of the reason. But this has not prevented the management from signing four important solidarity contracts.

SNECMA, the National Aircraft Engine Research and Manufacturing Company, likes difficult challenges. It has in face entered a new "turbulence zone" by agreeing to sign four solidarity contracts that involve hiring 2,400 individuals between now and March 1983.

The entire conglomerate is affected by this program. First of all SNECMA, which plans to hire 1,400 workers, but also its three subsidiaries: Messier-Hispano-Bugatti (250), Sochata-Snecma (250) and Hispano-Suiza (500).

The four solidarity contracts mean that between now and March 1983, 2,400 employees who will be between 55 and 60 at that time will leave voluntarily. This is something unprecedented! Jacques Benichou, the new president and general manager of SNECMA since February, is fully aware of this. "From 1978 until now, SNECMA staff has gone from 18,000 to 21,000. At present, 43 percent of the staff has been here less than 10 years." The impending arrival of 2,400 young workers will accentuate this phenomenon; this presents the long-term question of their professional training and of transferring the knowledge of the older workers to the younger.

Losses in 1981 Reached 74 Million Francs

But this contribution by SNECMA "to the reestablishment of the economic and social situation of the country," according to Charles Hernu, minister of defense, is occurring at the precise moment when the French engine manufacturer is undergoing difficulties. In 1981, for the first time in 10 years, SNECMA was in the red. Overall, it had losses of 74 million francs in 1981 after

depreciating its securities. The reasons for this poor figure were decreased sales of the M35 military motors designed for the Mirage 2000 and of the CFM 56, civilian motors built for airline companies. The conglomerate's figures were also seriously affected by the losses of Hispano-Suiza and Berthiez (machine-tools).

"In 1981, losses of Hispano-Suiza and Berthiez reached 164 million francs. This was partially due to the investments entailed by many new products, such as ejectable seats, turbines, reversers and accessories for jet engines. But also because Hispano-Suiza conducted a bold commercial export policy, which led it to obtain orders at prices less than what they should have been," admitted Jean Sollier, the new president and general manager of Hispano Suiza since February 1982.

Towards a Stricter Management

What recovery plan will be applied to this company employing 3,800 individuals? "Stricter management," replied Jean Sollier. "Products are not being questioned; technically, they are valid. But each division is going to have more management autonomy. Finally, we are too oriented towards export. Recapturing the domestic market for some of our products seems possible." The problems of Hispano-Suiza (which should rebalance its accounts by 1983) will cause SNECMA to give it new financial aid. SNECMA could have done without this.

If Jacques Benichou plans to turn the financial situation of SNECMA around "with strict management," "the state should also bring its support so that the financial balance is not in long-term jeopardy." Clearly, SNECMA will still need more than 500 million francs to establish itself as an important motor producer at an international level.

9720

CSO: 3100/808

RHONE-POULENC DIRECTOR STRESSES COMPETITIVENESS

Paris LE MATIN in French 3 Jun 82 p 4

[Article by Denis Pingaud: "Nationalized Firm? Don't Know What You Mean"]

[Text] Jean Gandois, head of Rhone-Poulenc, believes that nationalization should not change his industrial strategy.

"Nationalized firm? Don't know what you mean!" "It's nonsense to make people believe that you can create jobs without a competitive operation." "You have to have the courage to say that purchasing power cannot be maintained in the coming years." Direct, as is his custom, Jean Gandois, general director of Rhone-Poulenc, did not mince words yesterday during a meeting with the Association of Economic and Financial Journalists.

For his first "public" appearance since the nationalization of Rhone-Poulenc, Jean Gandois, kept at the head of the firm by the Socialist government, did not choose a cooperative tone. "The nationalized firm? Don't know what you mean!," the head of the giant French chemical firm began by saying. "The entire problem, in effect, is to figure out if public firms will remain businesses. In this case alone will the nationalization bet be won."

A business leader above all, Jean Gandois does not intend in the immediate future to deviate from the line of behavior that he set a few years ago when taking over the management of the firm. Today like yesterday, his development plan, currently under study by the Ministry of Industry, rests on three basic ideas: assuring a future to threatened sectors such as textiles, chemistry or fertilizers; developing high technology sectors such as pharmacy or agro-chemistry; and consolidating the international basis of the firm.

Under these conditions alone can there be any question of creating jobs. "The urgency," emphasized the general director of Rhone-Poulenc is in this regard, "is competition. Otherwise you don't create jobs. To say anything to the contrary is nonsense."

In a more general manner, he stated that the 1981 figures for his firm--335 million francs in losses--do not perhaps completely reflect the recovery that

was started. For a turnover of 36 billion francs, the "operational" margin (after amortization) reached 1.35 billion. This is a respectable figure which is, however, unfortunately weighed down by financial expenses. On this subject the head of Rhone-Poulenc indicated that he did not know how much of the 9 billion in capital recently granted to public firms would be Rhone-Poulenc's. But he added that in order to reduce his financial expenses to a "normal" level, 3 billion francs would be needed.

Finally, Jean Gandois expressed his opinion on the new economic policy which is being formulated by the government. "We cannot keep our place in the world," he said in particular, "if we do not make a serious attempt to contain the slide in our salaries. I think that it would be an extraordinary success if we could succeed in maintaining, on the average, the purchasing power of the French in the coming years. But I don't believe it will happen and you have to have the courage to say that this will not be possible."

9720

CSO: 3100/808

INSUFFICIENT CAPITAL, BANK DEBTS BURDEN SMALL FIRMS

Paris L'USINE NOUVELLE in French 3 Jun 82 p 60

[Article by Daniel Solano: "The Finances of Small and Medium-Sized Businesses: Overly in Debt"]

[Text] Every year, the reports of the financial statements section of the Bank of France present an opportunity for summarizing the financial situation of French firms. The figures from these various studies, examined Thursday 3 June, strikingly show the difficulty small and medium-sized firms have in controlling their financing and debt.

Problem number one: financing the operational cycle. Short-term debts weigh heavily on firms' financial positions. This phenomenon is even more characteristic of firms with less than 100 employees.

The assets of small and medium-sized firms are characterized by the size of their realizable and net available assets. Net operating fund needs are higher for these firms: 25.5 percent of the balance sheet for firms with less than 100 employees; 28 percent for 100 to 499 and 22.2 percent for 500 and more. The operating funds/need for operating funds ratio is just as interesting. It is 30 percent for small industrial firms, 49 percent for medium and 50 percent for large firms, which clearly shows that small firms, more so than medium or large firms, are strongly dependent on financial institutions for their short-term financing. Thus they are particularly susceptible to changes in credit conditions and even more so to its restrictions.

Predominance of Bank Indebtedness

The structure of this indebtedness is also interesting. It is characterized by the predominating role of bank indebtedness, which represents over 80 percent of the total. On the other hand, large firms benefit from a greater diversification, thanks particularly to bonds (6.7 percent) and to other types of loans (26 percent). However, it should be noted that small and medium firms can rely more on partners than can large firms. This says a lot about the efforts of small and medium-sized firms' stockholders to preserve the financial independence of their companies.

An analysis of bank indebtedness shows the importance of cash borrowing, which represents over half of the total indebtedness of small and medium-sized firms (vs. less than 40 percent for large firms). The share of leased credit is more important in modest-size firms than in large firms.

From among the types of cash borrowing, discounting plays a decisive role. The experts at the Bank of France even estimate that almost one-quarter of the small and medium-sized industrial firms ask for practically only this type of cash borrowing. The small and medium-sized firms and the large firms are also differentiated by the size of the foreign debt, which finances over one-third of the cash credits of firms employing 500 workers or more.

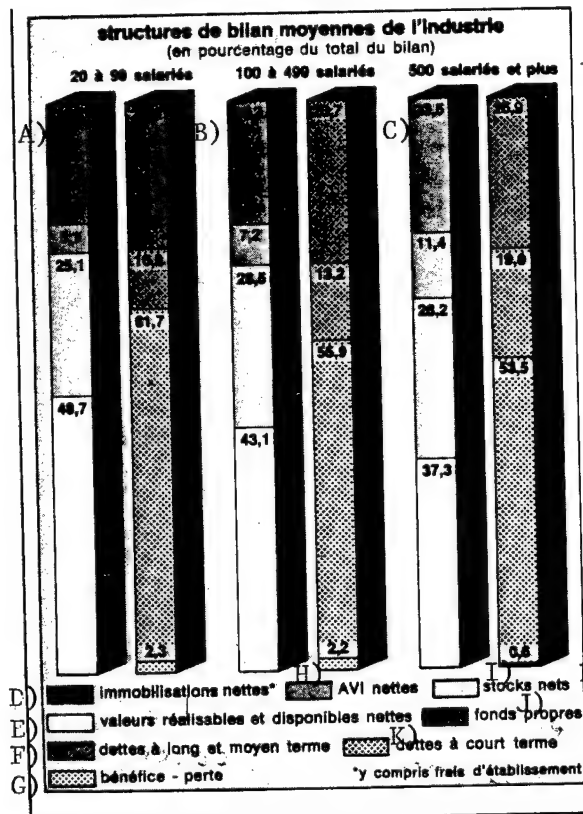
Strengthen Firms' Own Resources

Another fact: the size of inter-firm credit (50 percent of the total balance sheet for firms with less than 100 employees). The share of this source increases inversely according to the firm's size, since, for those with over 500 employees, it is no longer more than 27.7 percent.

Finally, the small and medium-sized firms appear to be distinctly disadvantaged. In addition to the financial burden which holding non-remunerative debt implies, are the inherent risks in these debts.

These studies obviously show that small and medium-sized industrial firms confront the difficulties of world economics from a delicate financial situation. Inadequate equity and the excessive weight of bank indebtedness are serious handicaps, especially for smaller firms. This is a situation which shows the necessity of strengthening firms' own resources and improving access to other sources of financing. This clearly presents the problem of re-orienting savings towards the development of industry.

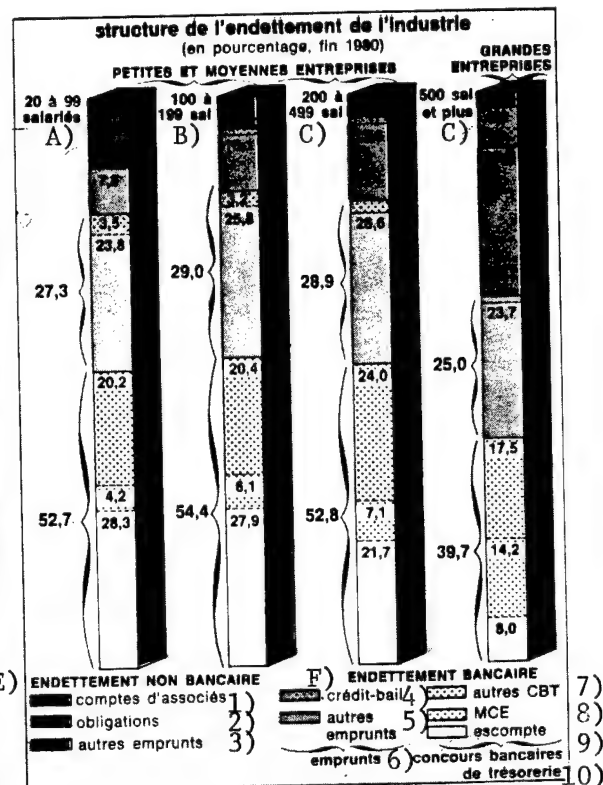
Significance of Cash Borrowing
Average Structures of Balance Sheets
in Industry
(as a percentage of the total
balance sheet)



Key:

- A) 20-99 employees
- B) 100-499 employees
- C) 500 and more employees
- D) Net capitalization
- E) Realizable and net available assets
- F) Long and medium-term debt
- G) Profit-loss
- H) Net AVI [expansion unknown]
- I) Net stock
- J) Equity
- K) Short-term debt
- * including set-up costs

Short-Term Debts Greater
than Assets
Debt Structure of Industry
(in percentage, end of 1980)



Key:

- A) 20-99 employees) Small and
- B) 100-199 employees) Medium-Sized
- C) 200-499 employees) Firms
- D) 500 and more employees) Large Firms
- E) Non-bank debt
 - 1) partners' accounts
 - 2) bonds
 - 3) other borrowing
- F) Bank debt
 - 4) leased credit
 - 5) other borrowing
 - 6) borrowing
 - 7) other cash loans
 - 8) foreign debt
 - 9) discounting
 - 10) cash borrowing

9720

CSO: 3100/808

BRIEFS

DROP IN FISH EXPORTS--During the first 6 months of this year, the Iceland Seafood Company in the United States increased its sale of fish by 1 percent in dollars based on the same time period last year. There has been a 9 percent sales increase in the quantity of produced goods, but a 19 percent reduction in the sale of frozen fish fillets, according to the company's executive director, Gudjon B. Olafsson. Olafsson said that the price difference on the 5-pound packages is from 30 cents up to 60 cents and therefore the company's share in the market had become smaller during the last months. At the same time, the Canadians had also succeeded in increasing the quality of their products and they had therefore become more difficult competitors than before, and furthermore, there had been a reduction in the production of frozen fillets here in Iceland. Furthermore, the price of Icelandic fillets had been raised a year ago and the sales dropped. Whether this was caused by less production or higher prices, the fact remains that we have lost a great part of the market which will be difficult to regain. Olafsson said further that there was a great price competition in the food industry and that the economic life in the U.S. is characterized by little demand and great sluggishness. Also, two of the largest Canadian companies combined their sales activities in the United States. Which made the competition even more difficult. It should also be mentioned that subsidies and state support to Canadian companies is quite substantial, which made it much easier for them to enter the market. Olafsson said that the only way for the Icelandic companies would be to hang in there until the Canadians come down to earth again, and to continue the best quality and constant supply. Olafsson feels that it is unadvisable to dry this much fish and perhaps that was also a factor in pushing down the quality standard of cod fillets. [Text]
[Reyjavik MORGUNBLADID in Icelandic 4 Jul 82] 9583

CURRENCY RESERVE DROP--The position of the banks as regards the Central Bank continues to deteriorate, especially because of an extensive outflow of foreign currency and relatively little inflow. Under normal circumstances, the banks have sold the Central Bank most of the foreign exchange they have received, but that has not been the case during the recent months. The situation is now quite similar to that of 1974, that is to say if figures are calculated based on the same pricing, the difference being that then the problem stemmed from price fluctuations and great increases in oil prices, which were temporary problems, but now there is no end in sight for this problem which we face, especially as the improved status of the fishing industry

is not in sight and extensive capital is invested in that industry. At the turn of the year, the currency situation of the banks towards the Central Bank was close to 2,1 billion kronur. ehis currency situation has been deteriorating steadily and this amount has been reduced by about 800 million kronur, or nearly 40 percent, and at the end of last month it was only slightly over 1.3 billion kronur. Because of the steadily worsening situation of the banks, very strict rules have been in effect regarding bank loans, both to individuals and businesses, and according to information MORGUNBLADID received yesterday, it is not foreseeable that these regulations will be eased in the near future. [Text] [Reykjavik MORGUNBLADID in Icelandic 9 Jul 82 p 32] 9583

CSO: 3111/43

COUNTRY SUDDENLY IN ECONOMIC DIFFICULTY AS OIL PROFIT DROPS

Stockholm SVENSKA DAGBLADET in Swedish 12, 14, 18, 19, 21 Jul 82

[12 Jul 82 p 17]

[Article by Johan Myrsten: "Norway's Oil Billions Running Out"]

[Text] SVENSKA DAGBLADET today introduces a series of articles about Norway's economy after the decline in oil prices and last year's change of government. "What did Norway really do with the oil money," is a question which will be discussed in today's article. Gloom lies over Norway's economy. The economic policies and debate are dominated by words like savings plans, budget deficits, industrial stagnation, lost market shares, etc. As in Sweden, so it is in Norway.

While the Willoch government arms itself for the fall's expected battle around the Conservatives' first own national budget--with tax cuts and cuts in public expenditures--the economic problems continue to increase. Oil and gas income can no longer conceal the weaknesses of the rest of the economy, and the latest price increases and increases in the dollar are only a slight consolation.

Low Unemployment

The only large plus sign is that unemployment seems to be remaining low this year, barely two percent of the wage earners. Otherwise most of the signs in today's Norwegian economy are negative:

- The prediction for future oil and gas income has been more than halved in only one year. Uncertainty over oil prices for the 1980's is great.

- Total production GNP will decline this year by 1.5 percent, according to the government's latest forecast. The reason is reduced income from oil and gas. If the oil sector and shipping are removed, the GNP increases by 1.5 percent.

- The competitive ability of Norwegian industry is declining, and its share of the market abroad is expected to decline even this year. Besides, international recovery is lagging, which holds down export orders.

- Industrial production has remained at a level which is lower than 1974.

- Productivity has developed so slowly that the government has proclaimed a productivity campaign.

- This spring's hard and bitter wage negotiations ended with pay raises, which according to the government are going to further weaken Norway's competitive ability.

- Investments are stagnating this year, after having declined in 1981 for the first time in several years.

- Interest is high, especially for very short loans where it is now about 20 percent.

Must Borrow Again?

On top of everything it seems Norway will soon be forced to again increase its foreign debt. After an excellent surplus in 1981 it seems that the balance of payments this year is like a cry for help. And in 1983 the government expects a deficit, a minus in foreign business which OECD believes can continue through the decade.

That the foreign debt is again turning upward, after having been trimmed from a top level of over 100 billion kroner (about 40 percent of GNP) to under 80 (about 25 percent of GNP) is not seen, however, as any great problem by Norwegian economists.

Purchased Socionomists

Against the background of all the listed minus signs one must ask: What has Norway really done with all its oil money?

This is the response from the chief economist of the Federation of Norwegian Industries, Egil Bakke:

"Oil money? It went to the public sector, despite our being in agreement in 1974 that that should not happen.

"The money was used to counter the business recession of the 1970's. The thought was to build over the recession and then hope for improvement. But the improvement did not come and we were left behind, about like the Swedes.

"The oil could have been a factor for growth. The mistake was that we used the oil money within the country to buy teachers and socionomists, and to increase domestic demand. This expansive policy caused the public sector share of GNP to increase almost to the Swedish level (about 60-62 percent), while taxes are lower (about 52 percent). Oil paid for the difference."

This policy created many new jobs. During 1974-81 employment increased by 130,000, of which two-thirds were employed by the state and (mostly) the municipalities. "The married women's march was being played on the Norwegian labor market," said Egil Bakke.

The Federation of Norwegian Industries and Egil Bakke have been advocating a "troika" of necessary measures: 1) A general economic policy which will lead to reduction of demand and level of prices. 2) A business policy which will reduce support to weak industries and make room for new and growing industries. 3) A better attitude toward profitability in Norwegian business.

The other week the Federation of Norwegian Industries took a new step, not without a jab at the government, when a number of concrete recommendations were put forth. Among other things, they recommended reducing income tax and employer fees, discarding investment fees, reduced support to weak businesses, increased real dwelling tax and a restoration of two waiting days in health insurance.

An opponent in the economic debate is one of the two leading economists of Norwegian LO [Trade Union Confederation], Oisten Gulbrandsen. He advocates a more expansive policy similar to Mitterrand's in France.

"The government has made it an important goal to depress the public sector. But it is there that a large part of the needs of the people are taken care of, in schools, hospitals, day care homes, etc. Furthermore it gives employment in difficult economic times. In the current international economic situation the public sector plays the key role if we are to have full employment in the western industrial countries. Industry alone can not employ all the people.

"I would utilize the freedom which oil gives to strengthen the public sector," said Oisten Gulbrandsen, who believes that the government deliberately underestimated future oil income and painted the situation in too dark colors. He believes that is a case of "maximizing the crisis." According to Gulbrandsen, Norway can well increase its overseas borrowing somewhat if necessary, especially as real oil prices are going to increase.

"Imports Do Not Create Jobs"

Gulbrandsen does not believe that the government's promised tax reductions can take place, "thank goodness." "We do not believe that people work harder with lower taxes. If a tax reduction is used to draw down the public sector

and increase private consumption, the result will mainly be increased import of, for example, video cassettes, and that does not create many jobs in Norway. How would that increase the growth of the Norwegian economy?"

To the question of whether the pay increases sought by LO would have the same effect of increasing imports and consumption as a tax reduction, Gulbrandsen replied, "There is no room for large tax reductions, but neither is there for large increases in purchasing power. An easing of taxes could be used with the wage negotiations, but then the price, wage and tax policies must be seen in the same connection."

Ten Percent More in Wages

The latest wage negotiations gave about 10 percent, and Gulbrandsen believes that LO workers must be satisfied with that.

The big mistake with the tax policy is the high interest deduction which is permitted, said Gulbrandsen. They cost the state a total of 15 billion kroner per year (5 percent of the GNP) he said. They contribute to creating the deficit which exists in the Norwegian budget--if oil income of almost 20 billion is excluded (and almost all Norwegian economists believe that should be done).

The budget deficit increases the demand on the credit market, so that interest is forced up. And then business finds it difficult to borrow money.

On this point the Willoch government is criticized even by the managing director of the Norwegian Bankers Association, Trond Reinertsen.

"The main problem is our weak financial policy, which makes an acceptable credit policy difficult to carry out.

"A continued tight money policy, with which the conservative government is trying to dampen inflation, can cause the already high interest to climb to American and British levels, and put a stumbling block in the way of the industrial policy," said Reinertsen.

"I am seriously afraid that we are in the same situation as Great Britain. Norway has basically the same balance problem."

Gloomy Budget

Some figures from Norway's national budget:

<u>Item</u>	<u>Volume change in percent from previous year</u>		<u>In billions of N. Kr. (1981 prices)</u>
	<u>1981</u>	<u>1982</u>	<u>1982</u>
Private consumption	1.5	1.0	157.1
Public consumption	4.5	1.9	63.6
Of which			
- national	8.7	0.7	26.0
- municipal	1.7	2.8	37.7
Gross investments	16.3	2.8	91.7
- of which business, less oil and shipping	6.0	0.5	41.4
Total domestic demand	1.2	2.6	312.4
Export	0.6	-2.1	153.4
- of which crude oil	-6.9	-18.8	39.0
Total demand	1.0	1.0	463.2
Import	1.7	7.1	139.7
GNP	0.8	-1.4	232.4
GNP less shipping and oil	1.3	1.4	263.5

(Source: The Revised National Budget 1982)

[12 Jul 82 p 17]

[Article by Morten Abel: "Mainland Norway's Largest Investment--Bankruptcy Threatens Pulp Mill"]

[Text] One of Norway's largest and newest industrial projects, Tofte Cellulose AS, is in an economic crisis, only one year after the modern pulp mill was built. The whole affair appears to be developing into an industrial scandal of major dimensions.

Only 2 months ago 200 million kroner in new capital was contributed which was to save the operation. On Wednesday public settlement negotiations were begun for the firm. It is clear that a comprehensive reorganization of the economy is needed if the firm is to be able to continue.

When it opened in June 1981 Tofte Cellulose was the largest industrial project in Norway with the exception of oil and petrochemicals. Building costs rose to 1.8 billion Norwegian kroner. The factory had big problems getting started, and the poor market for cellulose currently in effect has torn apart the foundation of the business, which has higher capital costs than others in that industry.

The State Hit

It will be mainly the Norwegian state and suppliers of capital goods which will be hit by a refinancing. The business has about 2 billion kroner in debts of which about 700 million must be written off. Still there are many who doubt that the firm can be profitable. Many believe that Tofte Cellulose should never have been built.

The selected settlement commission which will govern the negotiations for refinancing says that it will be difficult to get a writeoff of the five percent of low priority debts, something which is a precondition for a settlement. In such a case bankruptcy will be the only way out.

In the first place it was the Norwegian forest owners who backed the founding of Tofte. They wanted to ensure the disposition of timber in the future. Furthermore Tofte replaced several smaller businesses which no longer met the profitability and environmental requirements.

The largest owner is Norske Skogindustrier AS, which is the forest owners' enterprise, with 55.8 percent. The state has 26 percent, and the rest is divided among three other forestry firms. The fact that the state has a significant ownership interest causes many to believe that it has a special responsibility to solve the difficulties of the company.

Capital Difficult

A complete refinancing means a loss for the state of many hundred million kroner. Minister of Industry Jens-Halvard Bratz said that it would be difficult for the state to put in more money.

Only 2 months ago the Storting granted the company 52 million kroner as capital augmentation. The calculations which are the basis for the operation of the firm are largely being questioned.

If refinancing takes place, Tofte will need 300 million kroner in new capital. Under the existing hopeless business conditions in the timber industry it could be difficult to get interested parties. It is, however, clear that Tofte is one of the most modern cellulose factories in the world, and it can again be profitable when the business upturn comes. It would cost almost 1 billion more to build a new cellulose factory of Tofte's size today than what Tofte cost.

To Continue

Most expect that Tofte, which has 700 employees, is going to continue in one form or another. Anything else would be politically unacceptable. The Tofte affair, however, is going to give added impetus to the debate over the suitability of planning such giant projects. The petrochemical plant

at Rafnes is another example that there should be a requirement for a profitability analysis in the plans for such prestige-heavy industrial facilities.

[14 Jul 82 page not given]

[Article by Johan Myrsten: "Norway's Finance Minister on the Conservative Budget: Most Important to Turn Around Mainland Economy"]

[Text] Oslo. "To get the mainland economy moving is the main task confronting the government," said Norwegian Finance Minister Rolf Presthus, who this fall will present the Conservative Party's first complete national budget--a debut which can decide the government's existence.

Many have predicted a storm in the fall, when the Conservatives' two supporting parties, Christian People's and Center Parties will take a position on the recommended cuts in the budget.

"It will not be summer sailing; it will be a voyage in muddy waters," said Rolf Presthus.

According to Presthus the main problem to tackle is the declining competitive ability of Norwegian industry. The goal is "to restore growth power in the Norwegian economy."

"It is still not possible to determine the economic framework which will be created by this year's wage negotiations, since the local pay glide is still an unknown factor. But it is still realistic to expect that competitive ability will be weakened by 3-4 percent, with unchanged rates of currency exchange."

Further Weakening

"If wage increases next year are about the same as this year, about 10 percent, we are risking a further weakening of competitive ability by 4 percent in 1983. In that case the total worsening for the 3 years 1981, 1982 and 1983 will be about 10 percent, if the exchange rate is unchanged.

"Nothing can then prevent the employment problem which, according to Norwegian conditions, will become more serious," said Rolf Presthus and cited economists who calculated the results: A loss of 20-30,000 industrial jobs plus the results ("ripple effects") for many whose work is indirectly dependent on industry. Furthermore the creation of new jobs is impeded, according to Presthus.

There are several causes for the decline of competitive ability, said Presthus.

"One is that consumption on the mainland is too high in relation to its production. Oil income covers a deficit in the rest of the budget of nearly 20 billion kroner, which increases demand for goods and manpower.

"So an important task for the government is to reduce this deficit's share of the GNP."

Receding Productivity

Another cause is receding productivity.

Another sign of the weakness of Norwegian mainland industry is that it still has not succeeded in getting production over the 1974 level, said Presthus. Almost all the other industrial countries have succeeded in this, even crisis-ridden Denmark.

As to Norway's other economic problems Presthus is counting on the high rate of exchange (the Norwegian krone has become so strong due to oil income that it will soon be worth more than the Swedish--this makes exports more expensive). Worse still is perhaps the price increases, which were 10 percent in 1980 and 13.6 percent in 1981. This year it is expected that inflation will be something over 10 percent, according to Presthus.

"So we are on the way down, but Norway's problem is that prices in the rest of the world are on the way down at a faster pace.

"All of these fundamental problems have been camouflaged by the oil, so the people have not noticed it so much in their daily life. Therefore many are not motivated to accept the contractions.

"But now it is getting worse, when the oil income declines," said Presthus.

Calculations of the future earnings of oil and gas in the North Sea have been drastically brought down this past year. A couple of years ago the official forecast was 170 billion kroner in national income for the following 4 years. In April of this year the 4-year forecast was down to 60 billion. After the latest price increases Presthus raised the forecast to 70-77 billion kroner.

Drastic Decline

"Even though it is an improvement, that is a drastic decline from 170 billion."

The question of whether the Willoch government deliberately put the forecast too low--in order to explain away any possible cancelled tax reduction or to more easily gain support for its program--received the following reply from the finance minister:

"The statements are based on forecasts from the Ministry of Oil and Energy. They are pessimistic against the background of the actual income so far this year.

"But even an optimistic forecast would contain halved income, compared with 1 year ago. It is money which we expected to use, income which was already included in the national budget."

Work on this fall's budget has been going on. Even though it will not be completed for a time, the main points of the conservative economic program are no secret:

- Cutting expenses in the public sector.
- Reducing income taxes (preferably by 7 billion in the next 4 years).
- Reduced business taxes, including lower inheritance taxes to ease the change of generations in Norway's many family businesses.
- Increased possibilities for tax-free diversion of business profits to funds.
- Fewer regulations on business,
- Stimulation of savings through tax reductions.
- Stimulation of the stock market through tax deductions.
- Interest not to be raised more than a maximum of half a percent.

The question of how large concessions in this program the Conservatives will accept is asked by many in Norway.

"Prime Minister Willoch has said many times that a minority government must be ready to have its proposals changed. But it can not accept changes which go contrary to what is wanted."

No Tax Increases

"That means: It is clear that this government will not have an increase in taxes. If there is no decrease (in real terms) the question of whether the government will remain must be discussed.

"But I want to emphasize that the two supporting parties have not closed the door to a tax reduction. The question is really how large it will be."

Rolf Presthus believes that the closer the tax question can be linked with the wage negotiations, the greater will be the possibility of a tax reduction.

Already the 2 billion kroner tax reduction right after the Conservatives came to power means, according to Presthus, that the just completed wage agreement could be carried through with 5 percent lower pay demands than what would otherwise have been demanded as the real wage level. The employers saved about 8-10 billion on this, claimed Presthus, referring to the calculations of economists in the Ministry of Finance.

The question of which expenditures to cut will be perhaps more difficult to solve than the taxes.

"There are a number of areas with automatic growth built in, for example pensions, since the number of pensioners is growing. Also there are areas where the personnel are great, and in areas which the government will give priority (for example, day care and technical training).

Cuts in Health Care

"So we must cut in most other areas. In this budget negotiation nothing is sacred to the finance minister," said Rolf Presthus, who sees savings areas in health and sick care, among other things.

"In modern health care one can afford whatever is necessary. Many patients are placed in more expensive hospitals than necessary, instead of getting simpler care. That is a structural problem. The necessary care will be given, but no more need be given. But that will be a painful adjustment."

The question which inevitably will crop up in the enumeration of all the problems which result from the oil is whether the oil income has been more of an acquisition than an advantage for Norway.

"A number of philosophically oriented people say that it was better without the oil," said Presthus.

"But such an answer would be a declaration of bankruptcy by a modern democratic state. It would be poor management if we could not benefit from such a great resource. It does not take so much to solve the problems and reach the top economically. It just requires a little national discipline."

[18 Jul 82 p 5]

[Article by Morten Abel: "Test of Strength in the Fall Over Tax Policies"]

[Text] Oslo. The Norwegian government will soon put the finishing touches on the national budget for 1983, the first which the conservative government has worked out all by itself.

The Willoch government inherited the budget for the current year from Gro Harlem Brundtland and her government, and it was therefore only possible to

make small adjustments. Therefore the coming budget is viewed with high tension, and the great test of strength is expected to come on tax policy.

The Conservatives need the support of the middle parties, Center Party and Christian People's Party, in order to get their proposals through the Storting. Therefore compromises will be necessary. But Prime Minister Kare Willoch has let it be known that he does not believe it appropriate for the government to remain if the Storting does not approve the government's tax proposals. Later he tried to soften his statement on this point. But at the same time it is clear that the Conservative Party has a duty to its voters to carry out an important change in tax policy.

Promised Reductions

One of the changes in the budget for 1982 which the Willoch government put through was to remove the proposal for higher taxes which the Labor Party government had worked out. But the Conservative Party has promised the voters real tax reductions, and the government is standing firm by this, even if it has intimated that lower oil income has created worse conditions for lowering the income tax.

But the problem is not based only on economic circumstances. It is doubtful if there is a majority in the Storting for reducing the taxes to such a large extent as desired by the Conservative Party. The middle parties have restricted themselves to promising that the taxes shall not increase more than prices increase. They want to see what the social consequences of tax reductions will be before they can accept them.

Change of Course

The prime minister and the Conservative Party chairman Jo Benkow have tried to undramatize opposition to the tax question, but they are not interested in compromising with a tax policy which can bring out new accusations of broken promises from the voters.

The Conservative Party government can now look back on its first Storting year since it took over after the election last fall, and it is now time for a political declaration of contents. One can be sure that a change of course has taken place, even if it is perhaps not so pronounced as many voters expected.

The tax policy is only one sector of the economic policy where a reorganization is expected. The point of departure is to restore growth to the Norwegian economy, which Minister of Finance Rolf Presthus is continuously calling for. Among other things there is talk of a significant change of industrial policy from support for individual businesses and projects to better improvement of the situation generally. Such a policy has, however, proved difficult to carry out when new "cornerstone" businesses are continuously getting into trouble, causing local pressures for the state to give contributions.

But the conservative government is less inclined to go in on large industrial projects than a labor government. That was shown in connection with the plans for a large aluminum business at Tyssedal in Vestlandet which was scrapped for a much more unpretentious project.

Minister of Industry Jens-Halvard Bratz has warned that the state's contribution to saving the prestigious Tofte Cellulose will be limited.

More Dwelling Rights

But it is not only in economic policy that a reorganization is taking place. A key issue is to make it possible for more to own their own homes. Those who have cooperative apartments will be able to get more out of selling so that they will be on a more equal footing with those who own their own homes.

In the schools there will be more emphasis on grades. With the adoption of further education in high schools and universities, ability and grades will turn the scales, while less attention will be paid to age and experience.

A hot debate has arisen over the softening of the radio and TV monopoly. Tests have been made of both short range radio and cable TV and two official reports are in progress on how this could be arranged. There are those who call the policies of the new culture minister in those areas a media revolution, but there are also critical voices. Those who received permission to operate short range radio are largely amateurs of different types, while the professional media firms like newspapers have so far been rejected. Furthermore, religious groups have contributed with broadcasts which have caused great debate.

Committees Abolished

Recently the newspapers could report that 50 of 400 state committees have been abolished since the start of the new year. This is a link in an extensive reorganization and improvement of state organizations, and is a link in the government policy to reduce bureaucracy.

Minister of Consumer Affairs and Administration Astrid Gjertsen set aside several hours one day a week to answer telephone questions from the public. Many find it positive that a cabinet minister tries to reduce the distance between the government and the public, but many ask themselves also if the minister does not have more important things to do.

But Minister Gjertsen can in any case refer to the fact that price hikes under her department are lower this year than last. From June last year to June this year prices rose 10.8 percent and the rate of inflation is lower.

The minister believes that an important reason for this is that the government has laid the foundation for greater competition and less price control.

Most observers are inclined to give the conservative government medium grades after the first year even if the changes have not been so thoroughgoing as many hoped or feared. The claim by the Labor Party that the conservative government has created a harder society has so far made no deep impression in the debate. This will probably intensify with the Willoch government presents its new budget proposal.

[19 July 82 p 18]

[Article by Johan Myrsten: "As Oil Billions Run Out, Weak Economic Development in Norwegian Mainland Industry"]

[Text] Oslo. The situation in Norwegian industry is extremely difficult. It is hard to find an equally difficult situation since Norway first began to industrialize. That, I believe, is an objective statement.

These words came from the Conservative Party's permanent secretary in the Ministry of Industry, Arnulf Ingebrigtsen. Such strong words would not be used by all Norwegians. But there is a wider concern about the weak economic developments in mainland Norway--that part of Norway not participating in the oil sector.

The importance of mainland Norway for Norway's total economic growth (measured in the GNP) was calculated last year in a report by a group of economists called the Oslo Group. The economists found that a growth of three percent per year in a Norway without oil and gas in sight could give greater GNP than a growth of one percent plus oil. Then the Oslo Group was calculating on a long range real oil price increase of two percent per year.

Losing Growth

"There is a connection of causes here. Based on the oil income we are losing more growth than we are gaining on the oil. Now, furthermore, the oil income has declined compared with our calculations of one year ago," commented the head secretary of the Oslo Group, the chief economist of the Federation of Norwegian Industries, Egil Bakke.

There are several of Norway's traditional export businesses which are suffering now. Even large businesses are among those which are tottering.

"Poor international business conditions are hitting Norwegian industry hard," said permanent secretary Ingebrigtsen.

"Prices of aluminum and ferroalloys are at the bottom level. Even the timber industry is having difficulties. And the manufacturing industry is suffering from poor competitive ability because of high labor costs per unit produced. Shipyards are in bad shape."

The industrial policy that the Conservative Party wants to follow has, as related before, the goal of reducing selective state support and contributions to individual businesses and major state project.

"It is partly that we can not afford that, and partly that such support has made our industry obsolescent," said Ingebrigtsen.

Landmarks

A couple of debated landmarks of the new industrial policy have been made this year. Most noteworthy was perhaps the conflict over the state DNN Aluminum in Tyssedal, a place in Rogaland on the west coast. There the people wanted a new aluminum plant to replace an existing wornout plant with just 200 employees. The Storting's decision (with 79 votes against 76) in the beginning of June to say no was met with irate protests. Instead of the aluminum plant Tyssedal, according to the Storting decision, will get a smaller (and less unprofitable) factory for manufacturing ilmenite, an additive used in paint and paper manufacturing, among other things.

"Tyssedal is no political handicap as such. The issue caused local protests, but it was a special case because the population believed that they had a promise, and because they wanted to continue with aluminum because they had worked with it for generations," commented permanent secretary Ingebrigtsen.

If one disregards the emotional situation, the issue around Tyssedal is really better than in other locations, where there are badly exposed places with only one industry. The worst exposed are a number of places with mines, heavy energy intensive industries or shipyards.

State Owned Industries

Several of these threatened industries are state owned, such as Norsk Jernverk in Rana and the iron ore mine in Sydvaranger in Kirkenes at the border with the Soviet Union. Remarkably many of the Norwegian firms being shaken most by bad business and lack of competitive ability are located in sparse communities. But the Conservative Party can choose to give selective state support to save certain community cornerstones, although that goes under the name of regional politics and not industrial policy.

In the total picture Norway has problems with increased unemployment, even if it is still low compared with most other countries. Winter's unemployment figure of about 35,000 persons was the highest since World War II, according to Ingebrigtsen.

"Oil has no positive effect on employment. Besides, it has created a cost pressure in the economy," commented Egil Bakke.

"But the oil has given Norwegian industry new markets. And the mainland economy has a professional buyer in the oil industry, which has been positive," said Bakke.

The powerful Norwegian offshore market has to a greater extent been captured by domestic firms which now take nearly 60 percent of all orders--while Swedish firms with few exceptions (namely Consafe Offshore) have a hard time holding their own in the competition.

Three Large

The effects of oil can be exemplified by three of Norway's large firms.

Norsk Hydro, half state-owned with 15,000 employees has gas and oil to thank for the largest part of its profits (1,042 million Norwegian kroner after taxes in 1981). Fertilizer products also contributed to the profits, while petrochemicals and light metal products (mostly aluminum) lost money.

On the other hand oil income helps Hydro to hold out better in the tough struggle over which of the world's too many petrochemical and aluminum factories must be shut down.

Aker Group with 11,000 employees and fully 3 billion in business volume had its third losing year in a row in 1981. Their own capital is deeply hollowed out and solvency is down to three percent. The group, dominated by ship owner Fred Olsen, has lost several large offshore orders, while its traditional shipping has in recent years often been unprofitable.

Kvaerner Industries, with 9,000 employees and nearly 4 billion in business volume is, in comparison with Aker, a business comet. Kvaerner (which is similar to the Johnsson Group in Sweden) has become the world's leading manufacturer of gas tankers. Furthermore, Kvaerner has obtained several offshore missions, for example the building of platforms B and C at Statfjord.

The question of where the future of Norwegian mainland industry lies should not be answered by the Ministry of Industry, according to permanent secretary Ingebrigtsen. But he can still not refrain from expressing his confidence in the manufacturing industry ("of course we have the entire offshore market"). He also points out that Norway "has the prerequisites for energy intensive industry" even though no large construction of an energy intensive smelter is expected.

Wage Demands

The Conservative Party's industrial-political formula is otherwise that Norway should invest in technically advanced products and engineering skills,

that the state should invest more in technical education, research and development, and that businesses should more strongly resist the wage demands of their employees.

The government is thereby conducting a campaign for productivity. The campaign will among other things teach Norwegian businesses to introduce more new techniques, organize the work better, more effectively utilize their capital, for example by speeding up the flow of production and reducing inventory.

[21 Jul 82 p 20]

[Article by Lars Ditlev Hansen: "Greatest Unemployment in Norway Since the War"]

[Text] Oslo. This fall Norway will have the highest number of unemployed since World War II.

Norwegian labor market authorities believe that if developments within Norwegian industry continue as previously, 50,000 Norwegians will be registered as unemployed. That is about three percent of the working population. The international depression is now seriously affecting even oil Norway.

During the first half of this year 8,000 more unemployed were registered in Norway than the year before. In June there were 31,500 unemployed, and that is considered a very high figure for the summer. Already layoffs have been announced of 4,900 employees during August.

Weakening Business Conditions

The cause for the large unemployment in the fall which Norwegian authorities foresee is the weakening of international business conditions, declining competitive ability and economic growth in Norway. That has caused more large industries in Norway either to go bankrupt or lay off employees for a shorter or longer time. It is these developments that no one can discern any changes in.

The Norwegian labor market authorities maintain that the extent of unemployment depends to a certain extent on how great an amount the authorities invest in labor market projects, and in the fall a real decline in such investments can be expected.

No Solution

Permanent secretary Arnulf Ingebrigtsen said that there is very little that the Norwegian state can do. State finances will not permit extensive support

measures. He does not believe that short range support measures, which previously have often been used in Norway, are any solution to the problems.

He maintains further that the government can not permit an uncontrolled increase in the number of unemployed. When the country has 50,000 unemployed then the employment policies must be carefully studied to be sure that they are offensive. Employment policy in Norway must be a link in an active readjustment policy related to industry.

The leader of one of the conservative government's supporting parties in the Storting, Johan J. Jakobsen (Center Party) said that he is convinced that there is not going to be a majority in the Storting for a drastic change from selective to general measures in Norwegian industrial policy.

He believes that they must be careful about throwing crisis-hit firms overboard before they are ready to install replacement firms.

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UNEMPLOYMENT NOW REACHING INTO NEW SEGMENTS OF POPULATION

Oslo AFTENPOSTEN in Norwegian 4 Aug 82 p 9

[Article by Cecilie Norland: "The New Unemployed: Industrial Problems Alter Unemployment"]

[Text] Layoffs and reductions in industry have changed unemployment in Norway and created a new leading group of idle: Fully able-bodied persons of age 20-30 with job experience and often a certain competence. Most efforts on the labor market, however, are directed toward the group which previously made up the bulk of the unemployed: youths under 20, grown women and the handicapped. Increasing unemployment in traditional branches of industry warns of a serious and difficult unemployment structure. In July there were 33,300 without work, and that is a new record for the month.

Until a short time ago sales difficulties and overcapacity in industry were usually remedied with stopping hiring and continuing natural departures. But competition in our traditional industries has hardened and changed the picture of unemployment. In the future we will see much larger general unemployment than previously. Few expect any quick and extensive business improvement, and unemployment, which in many ways goes back to our industrial and business structure, is difficult to remedy without a long-lasting transformation of business. It is not easy to prevent this new unemployment with special labor market actions, and it has much greater consequences than the unemployment we have been accustomed to: More families and local communities are more strongly affected. It will be necessary to invest heavily in training and mobility to limit unemployment.

Youths

Until now it has been customary to look upon unemployment among youths as the greatest problem, but it looks like the efforts specially calculated for youths have restrained some of this unemployment. The number of job seekers between 16 and 19 is increasing, but a larger increase in the group between

20 and 30 has changed the structure of unemployment. The increase in unemployment from April last year to April this year was a total of 9,935 people, from 28,441 to 37,776. Of this increase 5.75 percent were youths under 18, and 38 percent were between 20 and 30.

Industrial Unemployment

The increase in unemployment is clearly greatest among industrial workers. This is confirmed by the picture of the new unemployment; most shutdowns and layoffs have taken place in traditional industrial firms. Of an average unemployment of 37,195 people during January-May this year, 10,940 or 30 percent were previously employed in industrial activities. The increase in unemployment in relation to the same period last year was 7,791 people, and of these 2,876 or 36.9 percent came from industry. Within industry, the largest unemployed groups are within precision mechanics, iron and metal working, with 3,024 unemployed of a total of industrial unemployed of 10,940. The increase in the number of unemployed is also greatest within that type of industry, and makes up 1,215 people, 42.25 percent of industrial unemployment.

Parallel with increasing unemployment, the number of vacant jobs is declining in industry. There was an average of 6,227 vacant jobs in the period January-May this year, a decline of 1,130 compared with the same time last year. Vacant jobs in industry have declined by 602 to 1,841 in the period, and this decline makes up 32.69 percent of the total decline of vacant jobs.

On top of a serious development in the period January to May is the advance notice to the labor directorate about layoffs, dismissals and reductions from 57 firms. The reports came in June, and show that 5,300 people in addition to the 9,000 who were hit by reductions at the end of June, will be included in layoffs and dismissals in the future. Previous numbers indicate that the extent is greatest in metal and forestry work. In addition unemployment in June reached a record high this year. Generally unemployment is much lower in the summer months than during the rest of the year because there is a good variety of seasonal work. The numbers which are corrected for summer variations show an unemployment of 41,180 in June, an increase of 3,257 compared with May. At the same time the number of vacant jobs declined somewhat.

The labor market has clearly become more loose during the first 6 months of 1982. The so-called tightness index, which is the number of vacant places registered with labor offices during a month as a percent of the corresponding number of employees, was 42.1 in May 1981, and down to 29 in May 1982. Besides that the disparity between the number of job seekers and the number of vacant jobs is getting greater, and unemployment duration is increasing in all age groups.

At the end of June all counties had higher registered unemployment than 1 year ago. The largest increases were in Ostfold, Hordaland, Oslo, Nord-Trondelag and Sor-Trondelag.

Criticism of Efforts

"The situation on the labor market today is entirely different than when we developed our labor market efforts and worked out the budget for 1982. We must conduct a critical examination of efforts so that they are appropriate to the type of unemployment," said permanent secretary Kjell Stahl in the Ministry of Labor and Municipal Affairs in a comment on the new unemployment figures. He emphasized that we are prepared to take up the fight against another type of unemployment than that we are accustomed to. This demands new thinking, time and entirely different and more general efforts than those we have previously emphasized, he said.

From Special to General Unemployment

"Previously groups plagued with problems dominated the unemployment statistics. But about 6 months ago we could note that it was the grown men who increased," said labor director Reidar Danielsen. He added that the picture was marked by changed attitudes in industry, and that many different groups of employees suddenly found themselves without work.

A number of professionals are unemployed because of layoffs and reductions, but these move quickly into new work. The problem is the many special and handicapped workers who are unemployed.

"Without retraining they most often have the greatest problems getting new work." The labor director emphasized that changes and increases in unemployment can not be traced back to worsening international business conditions alone. Some of it is due to the increase in the number of able-bodied workers, something which causes the number of unemployed to go up even if the total number of employed increases. Furthermore, unemployment must also be attributed to readjustments in business.

9287

CSO: 3108/144

PQ CONFRONTED WITH BUDGET CRISIS

Montreal LA PRESSE in French 1 Jun 82 p A2

[Report by Pierre Vennat]

[Text] The financial situation of the Quebec Party is bad.

Not only will the party have to suspend a quarter of its standing items by mid-June but the budgets of its different committees will be seriously cut and the direction will be more and more toward the welfare sector.

Although the results of the 1982 finance campaign will only be disclosed on Saturday 12 June at Hull on the occasion of the national council meeting of the Quebec Party, there are numerous signs indicating a serious budgetary malaise in the bosom of the party.

In their report to the national council, the six members of the national youth political action committee write, following disclosure of the party's most recent budgetary forecasts, that their committee will have to function this year "with a budget reduced by 90 percent."

It is therefore clear, the group continues in its short report, that the committee will have to give priority, to the extent that it can, to the maintenance of the least costly activities.

Judy Scott, chairman of the national committee of English-speaking Canadians, writes for her part that because of the "party's difficult budgetary situation" the budget for her committee will be only \$1,600 for the year.

As for the spokesman of the national committee on cultural communities, Mr Guadelupe Calderon, he writes that his committee is aware of the need for budget cuts within the party but that his financial resources "are going to be dramatically reduced" as a result. The committee will therefore, he says, have to demonstrate greater imagination if it wishes to continue to maintain a party presence in the different cultural communities.

Recommendations

Two Quebec Party associations, one regional and one county, echo the crisis in their proposals transmitted to the official organs for examination by the national council at Hull.

The Quebec Party association for Richmond County writes that the party's financial resources are "more limited" and goes on to speak of "budgetary restrictions," while the regional association for Mauricie-Bois-Francs proposes that a special committee be set up consisting of an inspector from outside the party, the national treasurer and three regional chairmen with a mandate to reorganize administrative and clerical operations with a view to rationalizing the party's income and expenditures.

In the planned agenda submitted to the participants in the national council in Hull, the discussion on the 1982-83 budget is supposed to take an hour and a half on Saturday afternoon.

9827

CSO: 3100/773

PQ LOSES 100,000 MEMBERS IN ONE YEAR

Montreal LA PRESSE in French 3 Jun 82 p A4

[Article by Claude V. Marsolais]

[Text] All is not well for the political parties at the present time, especially for the Quebec Party which has lost 100,000 members in the past year.

In fact, according to the chairman of the 1982 finance campaign, Mr Michel Leduc, membership should be around 200,000 when the results are disclosed during the national council meeting of the Quebec Party at Hull on 12 June next, whereas at about the same date in 1981 the Quebec Party counted 302,418 members.

It should be noted that the Quebec Party expected a reduction in its membership since in 1981 the finance campaign was carried out during the weeks preceding the electoral campaign and also as a result of the increase in the cost of a membership card from \$3 to \$5.

A conservative goal of 225,000 members was therefore fixed but it will not be achieved this year. This situation demonstrates the point to which the government budgetary crisis and the events which left their mark on the party during the past months have demobilized the militants and the sympathizers. Like the government, the party has entered an era of slim pickings since it is expected that the 1982 take will not exceed \$2.5 million as compared to the overall objective of \$3.6 million including gifts and membership dues.

Minister of Public Works Alain Marcoux, who apparently frequents many parsonages and religious places these days, was obliged to apologize yesterday at the National Assembly for having called the chairman of the house, Mister Rector....

The young minister had this lapse at the moment he was answering a question put by the Liberal member from Verdun, Mr Lucien Caron, on the subject of the installation of new security fences of the parliament.

It appears that as a result of the violent objections to the use of fences 5 feet high which made Parliament Hill look like a fortress, the minister had decided to reintroduce the traditional fences of 3 to 4 feet. However, the anchoring system fixed in the granite pavement will remain in place with a view to preventing the fences from slipping on this glossy stone during demonstrations.

9827

CSO: 3100/773

POLL REGISTERS BIG GAIN FOR CONSERVATIVES, DROP FOR LIBERALS

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jul 82 p 7

[Article by Lisbeth Knudsen]

[Text] The Conservative Party would have been the victor if the last few hectic weeks prior to parliament's summer vacation in June had led to an election.

The Gallup public opinion poll, taken just after the last working day of parliament before the summer vacation, gives the Conservative Party a gain of three seats in comparison to the election figures from December last year. The other large non-labor party, the Liberal Party, apparently is paying for part of this gain. The Liberal Party has a decline of two seats. The four-leaf clover parties, the Center-Democrats, have a loss of one seat.

Fluctuations in the number of seats in relation to the election figures result, in addition, to a loss of one seat by the Social Democrats as well as one by the Radical Liberal Party. The Socialist People's Party and the Left-Socialist Party each gain one seat. A more significant swing has taken place in comparison with the Gallup public opinion poll in May. Since the last work day of parliament, the voters have given the Social Democrats an increase of 1.6 percent after a nose dive in voter support in May. In contrast, the Socialist People's Party has lost 0.5 percent in voter support after a very high support the month before. The Liberal Party and the Center-Democrats have together lost 4.5 percent in voter support, while the Conservative Party, the Progressive Party and the Christian People's Party have had an increase in 1.3 percent, 0.6 percent and 0.2 percent respectively.

On the basis of the Gallup poll and without taking into account the two members of parliament elected in the Faroe Islands and those elected in Greenland, BERLINGSKE has calculated the division of seats as follows:

	Gallup	Present Parliament
Social Democrats	58	59
Single Tax Party	8	9
Conservative Party	29	26
Socialist People's Party	22	21
Center-Democrats	14	15
Christian People's Party	4	4
Liberal Party	18	20
Left-Socialist Party	6	5
Progressive Party	16	16

Political Index (Polling Period, 12 June-25 June 1982)

Question: For which party would you vote if there were a Parliamentary election tomorrow?

	8 Dec 81 percent	Jan. 82 percent	April 82 percent	June 82 percent
Social Democrats	32.9	33.0	33.1	32.5
Radical Liberal Party	5.1	5.0	5.1	4.4
Conservative Party	14.5	13.8	15.6	16.1
Single Tax Party	1.4	-	-	-
Socialist People's Party	11.3	12.3	12.0	12.2
International Socialist Workers Party	0.1	-	-	-
Communists	1.1	-	-	-
Center-Democrats	8.3	10.4	9.2	7.8
Christian People's Party	2.3	2.1	-	2.4
Communist Workers' Party	0.1	-	-	-
Liberals	11.3	10.6	10.2	9.7

Left-Socialists	2.7	2.4	2.2	3.2
The Progressive Party	8.9	7.8	8.6	9.1
Other parties*	-	2.6	4.0	2.6
Total	100.0	100.0	100.0	100.0

*Parties with less than 2 percent of the votes

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6893

CSO: 3106/141

CONSERVATIVES' CHIEF TRYING PACT WITH RADICALS, PROGRESS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 82 p 1

[Article by Solveig Rodsgaar]

[Text] The leader of the Conservative Party, Poul Schluter, now wants to establish contact with the Radical Liberals and the Progressive Party to get the two parties together with the four-leaf clover parties to create a majority against parts of the government's upcoming budget proposal. Poul Schluter is betting that the six parties can achieve savings in a number of expenditure areas.

The new Conservative move has come about because Poul Schluter admits that since the four-leaf clover parties--the Conservative Party, the Liberal Party, the Center-Democrats and the Christian People's Party--do not have a majority in parliament, the four-leaf clover should not propose and alternative budget which will not get any place.

"There is no point to it. It is politically more important to succeed in finding proposals for changes acceptable to the Progressive Party, the Radical Liberals and over to the four-leaf clover parties, for then we shall have a majority.

"It will also be significant to emphasize to the Radical Liberals that there is another possibility for exerting influence than just to link themselves to the government and the Socialist People's Party," Poul Schluter said to BERLINGSKE.

The minister of finance, Knud Heinesen, will present the government's budget proposal in the middle of August. General calculations indicate already that the budget proposal for 1983 will have a deficit of at least 70 billion kroner in contrast to about 53 billion kroner in the budget proposal for 1982.

Poul Schluter: "It is important that we create in advance a majority for savings in a number of expenditure areas. We cannot live with a budget proposal that has a 70 billion kroner deficit, and I also believe the Radicals can see this too."

Therefore, Poul Schluter, as leader of the largest party in the four-leaf clover, now wants to establish contact first with the Radical Liberal Niels Helweg Petersen and then with the chairman of the Progressive Party's parliamentary delegation, Uffe Thorndahl, to see if there is any interest for a common course in some areas. If it is so, Poul Schluter wants to propose that the budget chairmen of the six parties meet to reach a common denominator in regard to, for example the big categories, the ministry of social affairs and the ministry of education.

6893

CSO: 3106/141

DISCUSSION OF FOREIGN POLICY DIRECTION

Paris POLITIQUE INTERNATIONALE in French No 15, Spring 82 pp 43-66

[Article by Joseph Rovon: "Bonn: Toward a New Foreign Policy?"

[Text] A New Protest

The French are asking themselves questions about Germany, in the "scare me if you can" vein, with a delicious blend of anxiety, respect and mistrust. A Germany which walks normally, does not inspire fear, and is a faithful and modest ally...it cannot be true, it should not be true; there must be something behind this overly reassuring facade, something hidden which the Germans are concealing, perhaps even from themselves. Since the facts have seemed to begin to show some foundation for this cocktail of troubled feelings, the Frenchman who did not care for the idea that "his" Germany had been changed, that Germany could really change, has seen his scepticism confirmed: "I told you so." This kind of scepticism is going to come into its own.

In fact, something has been stirring in the FRG for 2 or 3 years, a movement which does not resemble those which stirred the society of "our" Germany during its illustrious precedents. At the time of the terrorism of the Red Army Fraction, better known in France as the "Baader Band," of course the small activist minority wanted war against U.S. imperialism. Leftist terrorism fed on the war in Indochina, the Shah's bloody dictatorship, and the misery of the Palestinian people without a country. But this handful of bomb-planters, despite their thundering Marxist revolutionary ideology, were never able to propose alternative policies to their people, especially foreign policy. Their horizon went from assassinations to dogmas and did not include any government perspective.

The new opposition, the new protest which has evolved in the FRG since 1978 (this date is only indicative; however, its birth was not recorded by any official document) demands that governments make real policy changes. The elements which make up this movement have such different origins, natures and ideologies, their unity lies mainly in their rejection--often for different, even contrary reasons--of whole sections of present policy, both the government's and that advocated by the opposition (which is often the same thing, especially for an opposition looking on from outside, "Aussteigers" or travellers leaving a train. The real alternatives, the real alternatives

offered to the policy or policies of the FRG government now come from this new type of opposition; their resurgence is made relevant and considerably reinforced by a phenomenon which has marked various phases of the FRG's history: the APO (Ausserparlamentarische Opposition--Extra-Parliamentary Opposition). But there would undoubtedly be little difference between Chancellor Schmidt's foreign policy and the foreign policy of a Chancellor Kohl.

What can be called--for want of a better name, and to find one quickly--the "Friedensbewegung," the peace movement, concentrates its demands on the areas of defense, alliances, and East-West relations. Although they are not held to be consistent, since they are still just an opposition movement with no wish to replace the present authorities with new teams, they want to oblige those now in office to "act differently" and "do something else." Compared to their predecessors of the "Ohne miche" (without me) age, who opposed rearmament (around 1950), or the "Ostermarsche" (Easter marches, anti-nuclear) around 1958, today's opposition does not attack on the ground of the political on the basis of the right to disobedience, against an abusive interpretation of property rights. Some people, going farther, want to create for themselves and others islands of alternative life-styles where the right to be different would be supreme, without limits and without opposition. Still others see above all, in the occupation of houses and in the resistance (passive at first, then more and more violent) to the building of a new runway in the Frankfurt airport, a means of creating conflict situations in which there is a sort of political education for violence, or rather what the appropriate jargon calls "counterviolence."

A Manichean Worldview

We cannot analyze in detail here the many and constantly changing components of a movement which can perhaps be best described with terms like "convergence" or "confluence." The important thing is its nature, or its structure made of concentric circles, some of which may have a few hundred or thousand activists; and others millions of sympathizers. Some display a well-ordered and highly dogmatic Marxism covering all social phenomena; others display a naive, starry-eyed sensitivity--even sentimentality, focused on a particular matter which can, however, serve as a motive force for more global mobilization. The question of communist teleguidance--by the East German DKP [German Communist Party], the SED [expansion unknown] or the STASI [expansion unknown] (state police) of the GDR, or by the Soviet KGB [Committee for State Security]--is of secondary importance in this context. Given the existence of many, well-disciplined communist organizations (party, student organizations, organizations of the victims of fascism, etc.) and organizations of "fellow-travellers" of long-standing; given the almost universal readiness, within the "Friedensbewegung," to accept the cooperation of "orthodox" communists, it does not really matter much whether the instruments of communist penetration are naive souls or agents. One can even, either sincerely or skillfully, put the Soviet menace and the U.S. menace on the same level; everyone knows that the real reason Afghanistan and Poland bother people is that they prevent the realization of the cherished Manichean worldview.

Moreover, in the movements' demonstrations the big waves of collective indignation are reserved for the United States, and peace meetings with this orientation draw hundreds of thousands of people, whereas a protest against the state or war in Poland only mobilizes a few thousand.

We cannot study here to what extent geographical, historical and political realities explain or justify the tide of ideas, feelings, fears, and anger animating the "movement." The Germans, divided into two states and living in large numbers on a small territory, may rightly fear the effects of a "conventional" war, and even more so a nuclear war. Our goal is rather to see in what way and in what direction the component elements of the "peace movement" are influencing the fashioning of the FRG's foreign policy at the time of writing.

Let us just say that if the problems which the protests and hopes of the "peace movement" are grappling with did not exist, the "peace movement" would not be on its way to becoming as important as it undoubtedly is. Its importance was demonstrated by the success of "alternatives" at the time of the May 1981 Berlin elections; the number of elected "alternatives" made it very difficult to form a government majority in the assembly (in the end, according to good logic, the social democrats, who had been in power since 1945, were discarded in favor of the "Right," namely the CDU [expansion unknown]). It is very likely that these successes will be repeated in various regional elections (in the assemblies of the Lander) which are to be held in 1982, in particular in Hesse, where the SPD/FDP [expansion unknown] majority is greatly endangered, in particular because of the escalation of violence provoked by the construction of a new runway at the Frankfurt airport. The "peace movement's" importance is also confirmed by the large percentage of young people refusing to serve in the armed forces--mainly people from families that are well-off or in positions of authority (government, administration, etc.). In many graduating classes of secondary schools, those who choose to join the armed services do not dare make their intentions public, as they are afraid of being dubbed fascists. Another fact which is symptomatic of the state of public opinion which gave rise to the "movement" (and which the "movement" continues to mold) is that the Bundeswehr can no longer organize public oath-taking ceremonies for young recruits, ever since one of these occasions drew several thousand violent "Leftist" extremists who, greatly outnumbering the participants in the ceremony, surrounded the soldiers and prevented the ceremony from taking place. Finally, it is worth noting that the STERN, a weekly magazine with a large readership and socio-liberal tendencies, published a map a few months ago showing all the U.S. bases with nuclear weapons in the FRG. This was no secret from the Russians, but it was a strong argument for anti-nuclear activists in favor of unilateral disarmament.

Opponents to Civilian and Military Uses of Atomic Energy

In this connection we should point out the close link that has become established, in the opposition and pacifist movement, between the nuclear problem (energy policy) and defense problems. This was apparent at the SPD's [expansion unknown] national congress in Berlin in December 1979, where the opponents of Chancellor Schmidt's policies concentrated on these two points

and obtained sizeable minorities. Nevertheless, the majority of delegates, representing traditional sectors of the party; staff workers (permanent employees); workers in old industrial areas; and older members remained faithful to the government, because they believe that renouncing nuclear power plants would jeopardize their jobs, and because for a quarter of a century the Atlantic alliance has guaranteed the external security of the "German miracle." Since that time, the chancellor has had to be very tenacious and even resort to veiled threats to rally the hesitant and those whose faith in his cause is shaken. Since then, the penetration of the feelings, ideas and obsessions of the opposition in the blood vessels of the SPD (and likewise those of the FDP [expansion unknown]) has progressed alarmingly far. Every year the number of staunch old officials declines, and every time a permanent worker leaves he is replaced by an intellectual graduated from the universities of the 1960's and '70's, strongly influenced by Marxist dogma and a ecological eudemonism. Furthermore, the world economic crisis is now affecting the vital forces of the FRG. The number of unemployed persons doubled between 1979 and 1982; it has now passed the fateful figure of 2 million. The confidence of the old working class areas in the Bonn government's policy is profoundly shaken by this fact, all the more so in that the program of employment assistance (which the dissatisfaction of the SPD party has been "wrested" from the Chancellor and the allied FDP, in February 1982) has come very late, seems insufficient at first sight, and is accompanied by "antisocial" measures imposed by the liberals, like the increase in the VAT (turnover tax) rate and the relaxation of protection of tenants. The arguments of the opposition fill the breach opened by this loss of confidence.

This was clearly shown by the preparation of the SPD congress (held in Munich in April 1982). In districts which have traditionally been the most faithful to official policy, delegates were elected on motions hostile to both the antiunemployment programs and "nachrüstung," or retrospective rearmament (namely the establishment of Pershing II missiles on FRG territory). We should remember that among the districts which turned to the Left's arguments were the old worker strongholds of the Ruhr and other industrial zones of Rhineland-Westphalia. And many elderly, moderate delegates were replaced by young people who are more receptive to the arguments of the opposition.

In these circumstances it is not surprising that the April congress contributed further to heightening the pressure on the chancellor. This situation inevitably weakens the position of the U.S. negotiators in the Washington-Moscow bargaining about missiles in Europe. Already in 1979, Schmidt only won by agreeing to make the installation of the Pershing II missiles in the FRG conditional on a commitment to hold these negotiations.

Today many sectors of the SPD are demanding that their installation be simply suspended during the negotiations. Others--more radical still--are going back to the demand for a complete and absolute refusal, and remain faithful to the concept of unilateral disarmament (at least partial). Many observers believe, not without reason, that the social democratic party only supports the chancellor's policies so that it can stay in power. But there are more and more social democrats who do not want to stay in power to administer such policies.

No Alternative to Detente?

Nothing is simple, certain or irrevocable; when we read Helmut Schmidt's interview with LE MONDE of 23 February 1982, on the eve of the 39th French-German summit meeting, the calm and traditional language, the calm assurance of a man who has just won a solid majority after asking the Bundestag for a vote of confidence seem very reassuring. Schmidt warned the United States, which is inclined not to take the SS 20 very seriously; he undertook to accept the Pershings on FRG territory; and he will keep his promise if the Geneva negotiations do not lead to a satisfactory agreement within a reasonable time. Still, the fact that he resorted to a vote of confidence--an extremely rare practice in the history of the second German republic--introduces a note of doubt into this fine assurance.

The chancellor points out, and it is true, that policy is not set by party congresses, but rather by the people's elected representatives. By cloaking himself in the renewed confidence of the elected representatives of his majority, he is probably trying to minimize the importance of the challenges he risks facing from the opposition in the future. It is nevertheless true that official language and policies are subtly changing, if only because they cannot help but reflect the changed feelings, the emotions and the calculations that are spreading in the party. Ten years ago, a German chancellor would not have used the word "Sicherheitspartner" (security partner) to describe the relations between the USSR and the FRG. It is in fact difficult to convey the idea to be a disconcerted, hesitant, troubled public opinion that a partner can also be an adversary, an enemy. So one can ask oneself, as of today, if the FRG is not becoming a prisoner of detente, both in terms of public opinion and in terms of the political authorities, even the government.

One hears more and more often, in conversations with young Germans but also with high-ranking officials, diplomats, the chancellor's assistants, and also the leadership of the SPD, that there cannot and should not be any alternative to detente. This situation might be acceptable if one's "partner," too, had no choice but to pursue this policy. But the USSR does not seem to be in a symmetrically dependent position with respect to Bonn-Moscow detente. Indeed, the concessions (which the FRG and its Western friends paid a high price for) made by the USSR and its men in East Berlin in 1971 and 1972 may look like a trap today. The limited but important improvements obtained for the inhabitants of the GDR [German Democratic Republic] are such an important political and emotional investment that it has become almost impossible for FRG leaders to choose a policy whose consequences could include the disappearance of these "improvements." It would be very difficult for the FRG to embark on and persevere in a course of action which would lead to another Berlin crisis like the 1948 blockade, or a dramatic reduction in the number of family visits to the GDR (6 million trips per year from West to East) or in the opposite direction (2 million a year, mainly people under 65). A breaking of the ties and dependencies which have formed during the detente period would undoubtedly create big difficulties for the USSR, too, and above all for the GDR: a vulnerable and unstable satellite, an entity without an existence of its own, of which one can say--paraphrasing Mirabeau's words

about Prussia--that it is "a Russian army of occupation which owns a German state." But the nature of communist regimes is such that their leaders consider this an acceptable risk, and they undoubtedly realize that the risk grows smaller every day, since it is obvious that public opinion in the FRG would no longer tolerate abandoning the policy of detente. If the government ever did abandon it, there would be minorities that would be strong, active and representative enough to make the country ungovernable. When Chancellor Schmidt recalled, in the above-mentioned interview with LE MONDE, that he did not cancel his visit to Erich Honecker after the Warsaw "military coup," stating: "Why should I punish my German compatriots for something that happened in a third country?", one can measure, using this language as a yardstick, the distance travelled from the time when Konrad Adenauer undertook the task of cementing free Germany's ties to the West. Adenauer thought it necessary to safeguard the freedom and democracy of the part of Germany that was still free above all else; he was convinced that in acting in this way he was not "punishing" the Germans in the GDR, but preserving their future. The SPD rallied to this choice finally, in 1960. But the policy Helmut Schmidt is implementing at the government level, and even more clearly at the party level (and which Brandt and Wehner are also carrying out, in a parallel and often quite different way) harks back to the hopes cherished by the SPD between 1952 and 1960....

A Treaty of Reassurance

Chancellor Schmidt is perfectly sincere when he proclaims his devotion to the Atlantic alliance--his and that of 80 percent of the population of the FRG. But one can wonder about the meaning of this alliance when the very basis of the common commitment begins to dissolve and be diluted: (1) the awareness of a continuing Soviet threat, and (2) confidence in the possibility of resisting this threat. One can also wonder about the meaning this alliance acquires when the preservation and extension of the improvements obtained for the Germans in the GDR gradually become the priority objective of political life. In the beginning, detente was made possible by the vigor of the alliance: it was a direct and reversible consequence of this vigor. In becoming the first priority, the Ostpolitik--mainly policies toward and with the GDR--transforms the Atlantic alliance into a sort of "treaty of reassurance" which merely limits the risks being run. At this point the alliance becomes a tool serving detente.

Chancellor Schmidt has no illusions about the existence of the Soviet threat. But large sectors of German public opinion, including in his own party, are much less inclined to believe in it and do not want to believe in it. Thus remembering the importance and permanence of this threat; remembering that its roots go deep into the nature of totalitarian power, which a highly structured minority exercises in the USSR, ends up looking like a nuisance and a threat to the policy of detente.

If Soviet power, by its nature and by its doctrine, is both totalitarian and aggressive, detente must be practiced like another form of the cold war. This is how the USSR conceives it, in fact. If detente is the priority, on the other hand, Soviet power must be analyzed differently. One must say that its

weapons are essentially defensive, and that its legitimate security needs must be taken into account; decisive importance must be attributed to the economic difficulties the communist system is going through (but without attributing them to the nature of the system itself, to the nature of communist dictatorship). This is exactly what we are seeing: denunciations of totalitarian dictatorship, of the concentration camp universe of the "security partner" are gradually disappearing from official language; among the "new Left," which is progressively invading the blood vessels of the old Left, they are made rarely and reluctantly. "There is no need for such denunciations from us," a social democrat with strong sympathies for the new opposition told me, "since they are already omnipresent in the media. Our role must be to denounce the misdeeds of capitalism and its imperialism."

And yet, the 1972 treaty did not expressly stipulate that the chancellor of the genuinely democratic Germany must drink tea with the head of the dictatorial oligarchy of the GDR even before the dismantling of the death machines which, every month, kill or injure Germans whose only crime is wanting to go from the enslaved part of their country to the free part. Nor was it inevitable for the Ostpolitik of 1969-72 to lead to official contacts intended to study common steps for the two German governments in the disarmament field.

Equidistance and the Threat of War

The following argument was made in this connection: by carrying out such studies with the GDR, the government of the FRG would make it possible for the GDR to slightly relax its dependence on the USSR. This reasoning is fallacious, because even if this were the case, it could not involve anything more than very restricted freedom of movement. On the other hand, it is quite possible that in order to avoid failure in this attempt, the government of the FRG would support proposals corresponding to the interests of the USSR in dealing with its Western allies. The proof? Within the SPD, it has been recently noted, there are already voices raised in favor of including French and British nuclear arms in the total reckoning of Western armaments; this is a demand made by the USSR in the framework of negotiations on "Euromissiles." According to a view born of the opposition movement, which is held even in the highest ranks of the SPD, mistrust of U.S. intentions, suspicion about the real intentions of the United States in a negotiation that was forced upon it by its European allies (in particular the FRG), all give rise to a feeling that in the best of circumstances can be described as equidistance from the two great powers.

Similar observations can be made about the vocabulary of peace. The Friedensbewegung bears its name. This movement dreams of a Germany--or two Germanies--free of all nuclear arms, both U.S. and Soviet; it fears a war which would be fought on German soil and exterminate the German people in both states. The Friedensbewegung does not see the source of the threat to peace in Soviet arms, but rather in the Western response. It did not demonstrate against Brezhnev's presence in Bonn, but it will demonstrate loudly against Reagan's, who has been invited by the FRG government. The totalitarian menace to democratic freedoms is usually absent from the concerns

of this movement, as is the will to defend these freedoms. They are denigrated and deprived of value by a critique which repeats--usually without making the comparison--the Leninist condemnation of "formal freedoms." The defense of peace takes the place of the defense of democracy; priority importance is attributed to peace, as it is to the advantages obtained for the Germans of the GDR. It is not surprising that in these circumstances this sort of vocabulary, through the party, penetrates official policy: the defense of peace (against what concrete threat?) played an important part in the 1980 election campaign, and the chancellor was not above using this instrument. Likewise, it is a purely Soviet vocabulary that is used when the representatives of the two German states study together "how to prevent another war from starting on German territory." Is it necessary to evoke the other peace movement, that of mobilization against nuclear weapons at the time when the USSR did not have them yet? The creation of a climate of panic and intense anxiety, through its demoralizing effects, always serves the same interests.

German Interests

One of the changes in vocabulary which must be considered significant is the increasingly frequent use of the term "German interests." It is not that it is improper for the FRG authorities to try to serve the interests of their people. That is what their predecessors tried to do, too, in particular Konrad Adenauer when he fought the Western allies to recover German sovereignty bit by bit. But the present, new usage of this formula implies both the existence of interests common to the Germans of both states and the existence of a discrepancy of interests in relations with the Atlantic allies--naturally with the United States, but also with France. There is nothing really new in the fact that such differences exist; the novelty lies rather in the way in which these facts are now noted and formulated.

On this point--and this is true not only of Germany--one can observe the appearance of a sort of Leftist nationalism which, curiously, goes hand in hand with pacifism and anti-imperialism. When Chancellor Schmidt himself says he doesn't want to punish his compatriots because of events taking place in a "third country," we have come a long way from a view according to which German interests were only conceived of within the dimensions of the "free world" and "free Europe," and the return of the Germans in the GDR to freedom was conceived of only in the framework of the liberation of all of East Europe. Now one often meets Germans, even in positions of authority in the government or the SPD, who speak with a sort of Gaullist anger of the "Americans' idea that they can treat Germany like a colony." These same authorities no longer reject the idea that German interests can be defined jointly by the representatives of Bonn's democracy and the East Berlin dictatorship. These are changes of climate which arise imperceptibly at first, then accelerate....

Change by Rapprochement

The changes in climate, emphasis and orientation, and the shifts in priorities we are trying to trace here all imply (at the level of the militant opposition as well as in the government's reflections, whose origin goes back at

least to shock at the allies' passiveness at the time of the construction of the Berlin Wall) betting on what Egon Bahr used to call "Wandel durch Annäherung" (change through rapprochement). By lingering to detente, to the point where they admit that it is divisible and therefore can survive Soviet aggressions if these take place "elsewhere," the Bonn authorities and a large part of public opinion, perhaps the majority, both militants and the silent part of public opinion, do not merely want to defend peace and prevent Germany from becoming first a battlefield and then a desert. They also think, expect and hope that little by little detente will produce, within the "security partners," in the Soviet bloc (both in the satellites and at the center of the empire), "unclenching" effects, dynamic contradictions, claims and aspirations to freedom that will be harder and harder to contain. What has been happening in Poland for the past 2 years--the incredible loosening of the screws; the "original," infinitely less bloody way of regaining control now being tried; the impossibility that now exists of restoring and reestablishing the old order brutally--looks to many social democrats in positions of authority like a direct consequence of the 1970-72 treaties (in particular the recognition of the Oder-Neisse line as a boundary) and of the Helsinki agreements, which were themselves the fruit of Brandt's Ostpolitik. In this long-term and even very long-term view (which also admits the possibility of brusque accelerations), Jaruzelsky's repression can assume the pastel shades of a hideous and stupid but passing vicissitude. That is what that veteran fighter Herbert Wehner went to check up on--faithful to his old dream, which is not a dream but a certainty--when he bought a ticket for Warsaw ("out of his own pocket"). These leaders of German social democracy consider the transformation of Soviet society and the Soviet empire inevitable, eventually; but this transformation is a long process, complex and difficult, which can be promoted by a policy which must remain very prudent and reserved; which must use homeopathic remedies, as it were. One must avoid provoking violent reactions which would move everything backward and wipe out the benefits of several stages and long investments of patience.

A Peace Movement in the GDR?

One can well imagine with what minute attention and anxiety these leaders observe--and with what perhaps excessively burning joy, or the temptations to indulge in such joy, the mass of young people who favor real alternatives observe--the first signs of the development of a Friedensbewegung in the GDR. During a meeting of several thousand young people in Dresden, boys and girls from all over the "republic" showed their solidarity with their brothers in the FRG by including "our rockets" in the scope of the demand for disarmament. In the same movement, these young Christians--or rather these young people who found in the Christian church the only institution not a direct emanation of the party-state--demanded the right to refuse military service and obtain conscientious objector status which would offer something other than service in uniform, in working battalions. A few thousand may seem of little account compared to the hundreds of thousands the Friedensbewegung easily drew together in Bonn last fall; but this was the first unofficial but organized demonstration in the GDR since the repression of the uprising of 1953. That was almost 30 years ago!

The Soviets could regard the development of the Friedensbewegung in the FRG with some satisfaction, as it is a movement that does not reject cooperation with communists and which in any event makes trouble for the Atlantic alliance. But an extension of the movement to the GDR is certainly not desirable in their view or in the view of their proxies of the SED, who for this reason have regarded the changes taking place in East German public opinion--as I could see for myself in East Berlin--with mixed feelings, to say the least.

In fact, the "Bahr wager" ("Change through rapprochement") has essentially dialectical dimensions: it counts on change within the Soviet bloc, but knowing that these changes must remain slow and as imperceptible as possible, it must also (it is hard to know to what extent) help the Soviet world avoid becoming unstable too fast. Thus one can be led to help a communist regime get out of a tight spot, support an unsteady team, fearing that otherwise one would be faced with firmer replacements, or ones obliged to be firmer. This dialectics is particularly noticeable in relations with the GDR, with the Honecker team. It would be easy for the FRG to plunge the GDR into worse difficulties, to oblige the communists in power to show themselves in their blackest colors, or the bloodiest. But such a policy would "punish" their German compatriots, above all. One must therefore carry out a patiently tenacious policy which will not provoke, in the partner one is forced to deal with, convulsions which could not lead to liberation anyway. It is also necessary to envelop the GDR with an increasingly dense web of interdependences, tolerating if necessary the setbacks, the ebb and flow, produced by the world situation or by tensions within the dominant cliques, both in Moscow and in East Berlin. Those who criticize this policy fear that it is more likely to consolidate and prolong the communist dictatorships, in the long run, than soften their rigor. In any case it obliges one to constantly hold both ends of a chain, and one can ask oneself to what extent it binds the one who holds it.

Save Democracy

When one points out the changing vocabulary, which is gradually substituting peace for the defense of democracy as the supreme value, to the present leaders of the FRG, they say that democracy is facing more urgent dangers in the FRG and in all of Western Europe than the danger lurking in the Soviet threat. These dangers, we might point out, have effects which can serve the purposes of the masters of the Kremlin. These perils are the economic crisis and the drifting of youth.

The Economic Crisis

In the view of Chancellor Schmidt and most of the social democrats in authority, the economic crisis and the world recession are largely the consequence of the United States' policy of high interests. It is obvious to the chancellor that the cure for this situation cannot be sought in a policy of confrontation and rupture, and that one must display at least as much patience toward the ally and protector as toward the Soviet "security partner." But this moderate attitude is not always found at levels of less responsibility. The conviction that U.S. policy is at least indirectly responsible for a crisis

whose consequences are beginning to be destabilizing in the FRG, for a crisis which furnishes grist for the mills of the various oppositions (Marxist, revolutionary, alternativist) feeds this growing wish to keep one's distance from the leading power of the free world which we have been describing. The enthusiasm of the great majority of West German public opinion for Western-style democracy, and for Atlantic and European policies, was founded on economic prosperity. At that time it was relatively easy for the four parties that have been represented in the Bundestag since 1961 to obtain 97 percent of the votes in elections. But now one cannot help wondering if these results will hold, if German public opinion will be able to avoid panicking politically in the face of constantly growing unemployment and economic insecurity. A reduction in benefits already won, a lessening of social welfare--things which seem difficult to avoid, not only because they are demanded by the liberal political partner--will not be easily accepted. The chancellor--and he is not alone--is wondering how to prevent the economic crisis from turning into a crisis of democracy. The best way would certainly be to end the economic crisis. But the problem is also political and moral.

Youth Adrift

Here is where we see the seriousness of a youth adrift which, even when it does not directly despise and condemn the democracy built since 1945, remains indifferent to it and uninvolved in it. It is difficult to talk to a responsible social democrat under 40 years of age (but that is not a universal threshold!) today without hearing him say that it is necessary to talk to young people, to renew the dialogue, to listen to them. This constantly repeated litany--often without concrete proposals--has a way of annoying those who think that if social democracy continues in this way, it will exhaust itself chasing people on the fringes of society and end up alienating the masses of workers and employees who once formed its big battallions. Willy Brandt--a partisan of dialogue, of receptiveness, of patient and even indulgent listening--has often been attacked on this ground. But it is inconceivable that social democracy would make any decisive choices, because it cannot resign itself to abandoning the largest and least fanatical sectors of the opposition and the peace movement to an assemblage of Greens or Alternatives. Nevertheless, these oppositions can acquire a certain political weight by depriving the team in power of the small percentage of votes on which its capacity to govern depends. This has already happened in Berlin and Lower Saxony, and it may happen this year in Hesse, after which the CDU/CSU [expansion unknown] opposition would have a two-thirds majority in the Bundesrat and would be able to block all legislative activity. So it would seem that the defense of German democracy and the maintenance of the social democrats in power depends on their taking into account the anti-American, pacifist, anticapitalist, and antimodernist ideas of this drifting youth--a youth whose convictions, we repeat, are mired in an ideological-emotional magma. But to what extent must they be taken into account? And will this extent be enough? And will it be possible to organize more or less consistent policies on this modified basis? These are questions the present leaders of the FRG are asking themselves, but those who might take their places tomorrow are asking themselves the same questions. Important reflections on this subject have been written by Professor Biedenkopf, one of the CDU's most clear-headed

members and president of this party's organization in the most important land: North Rhineland-Westphalia.

The Break of the Atlantic Alliance

Rudolf Augstein, owner of DET SPIEGEL (a weekly paper which for the past month has been waging a fierce campaign for disarmament and detente--a campaign not without anti-American, neutralist and nationalist overtones), wrote a year ago that the FRG, far from withdrawing from the Atlantic alliance, should, from then on, actively play the role of a brake within the alliance, if one can put it that way. If this formula goes too far, it nevertheless expresses an important reality.

The chancellor, his partner and rival Willy Brandt, and even Egon Bahr and Herbert Wehner do not think for a moment that the FRG should give up the protection and guarantees afforded by the Atlantic alliance. They all know that a healthy Atlantic alliance is the sine qua non prerequisite of detente, and on this point they can probably maintain a majority in their party. In his interview with LE MONDE, the chancellor mentioned "80 percent of the population in favor of the Atlantic alliance." This figure may seem reassuring, although 20 percent of opponents, especially if they are among the young, are not negligible (if only compared to the 0.2 percent of the vote obtained by the communist party in the last general elections).

It is nevertheless true that within the alliance, the role and objectives of the FRG are changing. This is a long-standing process, but it has speeded up since President Reagan came to power. The FRG's role now is to prevent the alliance from engaging in a policy of confrontation with the USSR that would make detente more and more difficult to practice. The authorities know that the FRG can only play this role "from within." That is why it would not, perhaps, be absurd to say that if there is an evolution toward a certain neutralism in the FRG's policy, it is a neutralism within the alliance that is at issue rather than a simple withdrawal from the alliance. This sort of attitude, however, runs the risk of sliding into a sort of equidistance, or intermediate position, between Washington and Moscow. The language, at various levels of political life and in its concentric circles, of the "irresponsible" members of the opposition reflects these changes, this side-slipping. The role that is taking shape for the FRG is naturally not limited to its negative aspects--to the functions of a brake. It is positive, too: it entails persuading and acting not only to avoid ruptures (for example, at the Madrid conference), but also to obtain the opening and continuation of negotiations, and to bend the attitude of the Western allies toward greater flexibility and compromise.

A Role as Mediator

The FRG can thus find for itself a role as mediator and bridge which official caution denies but which it may really promote in fact.

This role was obviously not foreseen in 1955 at the time when the FRG joined NATO, and when the SPD fought that decision fiercely. All the same, what the

chancellor and his government are prepared to do in this connection may seem clearly inadequate not only to the radical elements of the opposition, but to increasingly large numbers of the leaders and officials of the SPD. By exerting pressure on the government--on their government--they can in fact expect to see that government act more and more in the direction of detente and disarmament and oppose U.S. policy more and more clearly. Erhard Eppler--Bishop Eppler as the chancellor calls him (the two men are poles apart even regarding religion)--serves as a permanent liaison between this opposition within the party and the vast circles of the extraparliamentary movement, between the SPD presidium (of which Eppler is a member) and mass assemblages of the peace movement. The preparation of the Munich congress, the votes in the party's federations, showed how much the influence of this coalition has grown and spread. And the Munich congress itself confirmed its vitality.

What Can France Do?

We have seen that although it is possible to trace an evolution of German foreign policy today, these changes nevertheless have their roots in a distant past and are kept within the boundaries drawn by prudence, a sense of responsibility, and faithfulness to the values free Germany has always opted for since 1945. In any case, these boundaries will not be crossed unless the climate of material and moral crisis produces new waves of collective hysteria in Germany (but in this case it would certainly not be just in Germany). Nevertheless, our reflections also show that the changes observed today are unlikely to be reversible, and a CDU/FDP [expansion unknown] government (it is hard to imagine a CDU minority government supported from outside by liberals, reproducing the Berlin example at the federal level) would not be able to remedy them quickly. The FRG, having embarked on a tricky and dangerous policy--even more so than at the time of negotiations for Brandt's Ostpolitik in 1969-72--needs to be supported, and perhaps sometimes held back, by its allies. Among its allies, France, since it has priority but not privileged relations with Bonn, certainly has a role to play.

If we want to help our friends and allies in the narrow, rocky strait they must now pass through, we must first discard the suspicions, distrust and aversions which there are still trances of in France. What is happening in the FRG is not the consequence of an ancestral attraction for the East, of the old complicity between Prussia and Russia, or a new stage on the route begun when alliances were reversed in 1763, continued at Tauroggen, and pursued until Rapallo and beyond. Of course such heritages do not disappear without traces, and in France there are still memories of old French-English antagonisms. But the movements taking shape in the FRG now and influencing the policy of the Bonn government are above all the consequences of European geography as it was drawn in 1945 and of political choices made by the whole free world under Kennedy and de Gaulle. They are the consequences of the social upheavals which, in various forms, have affected our society, too, as we saw in 1968. They are the consequences of the situation of boundary-states, destined to become battlefields, like that of the two German states; the consequence of the division of the German nation for which France--due to its policies between 1944 and 1947--shares responsibility to a degree which is not negligible, but too readily forgotten. They are the consequence of the

general weakening of the West's positions, and of the fact that it is impossible for the United States and its allies, today, to guarantee to the Germans that there will not be a war in Europe--or that if there is such a war, it will be fought on the enemy's soil. This is what Kurt Schumacher--advocate of German participation in the defense of the free world--posed as a condition for that participation.

Reassure Germany

So one should not be suspicious of the FRG or consider its drift toward neutralism inevitable, but reassure it, steady its resolve, and make it easy for it to be true to its previous choices. Such an attitude, in our government and public opinion, should be careful to avoid absurd accusations and denunciations like those aimed at the FRG's attitude about Poland (despite our temporary linguistic differences about the events in Poland, in the end we were united about accepting Soviet gas...).

If this is our intent, we should also say clearly to the Germans, in their two republics, that France fully takes into account their fundamental claim for selfdetermination and unity, and also--for now--the legitimate concern of the Bonn government to improve the moral and material conditions of the Germans in the GDR. If we do not want the West Germans to act alone, we must neither leave them alone nor refuse to make this essential problem a common objective. We cannot obtain German reunification today, but we must say clearly that we want it, that we accept it, that we want to make it a common objective of an autonomous Europe, and that we no longer harbor any sort of pusillanimous Maurras Machiavellianism of the "You Germans look out for yourselves and we will look out for ourselves" type--a trap the USSR has been trying to catch us in ever since De Gaulle's trip to Moscow in 1944--with respect to this necessary German hope. On this condition, and only on this condition, we can also say to the Germans in both republics that their reunification can only be the consequence of the reunification of Europe and can never precede it.

Third, France must come out of the ambiguity it has been indulging in and even losing itself in for many years, and say clearly to the West Germans that all our military strength, both conventional and the force de frappe, are intended to ensure their protection as well as our own, because France's independence could not survive the fall of the German stronghold. These assurances should be formal and should entail clear symbolic measures like the occupation of look-out positions on the eastern border of the FRG by advanced elements of our troops, and a common working out of doctrines about the use of the "Hades" which are going to replace the "Pluton." This would make it easier for the Bonn government to combat the defeatist hysteria which believes that war cannot be avoided unless West Germany, giving up the idea of defending itself, also prevents its allies from defending it on its territory. Personally I think the decision to make the neutron bomb, although it risks creating a furor among the opposition, will greatly help reassure the majority of German public opinion--which only wants to be reassured. I also think that to reassure Germany we should considerably strengthen our efforts in the "conventional" field, so as to noticeably reduce the Soviet lead in this

field. Several sentences in the final communique of the 39th summit between France and Germany can be interpreted as opening up prospects in these domaines regarding defense.

Conclusion with Fanfare

In conclusion, it seems clear that the conditions in which the foreign policy of the FRG must develop and take shape have undergone, and will continue to undergo, important modifications, both at the domestic and international levels. These modifications give rise to troubles, uncertainties, contradictions; they weaken the political and military capacity of German democracy to defend itself; they favor developments which serve the designs of the USSR, either voluntarily or involuntarily--developments that could lead to the explosion of neutralist and neonationalist tendencies. At the same time, however, governments, the leaders of the opposition and the large majority of public opinion--although anxious and concerned--want to remain faithful to the choices of the 1904's and '50's, while maintaining the results and hopes of the 1970's. France, the other European partners, and above all the United States must take into account the changes thus taking place in the FRG, and find ways and make gestures to reassure today's Germans, most of whom are not yet adults during the time of the Adenauer choices. We must help them understand that the dangers threatening them are much less real than one would like to make them believe, and that in facing these dangers, and in their essential solidarity with their brothers they are separated from, they are much less alone than they think. It is largely up to us to see that a drift of the FRG toward neutralism remains in the stage of a bad dream.

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LAHNSTEIN'S STAR RISING IN CABINET, SPD

Hamburg DER SPIEGEL in German 26 Jul 82 pp 20-21

[Article: "Schmidt II--The Bonn Ministers Team Has a New Star: Finance Minister Manfred Lahnstein--Is He Schmidt's New Heir Apparent?"]

[Text] SPD Bundestag Deputy Wilhelm Noebel from the Rhenish Troisdorf sensed a danger. It had been reported to him--the candidate of the Rhein-Sieg II Electoral District and local subdistrict chairman of the SPD--that Federal Finance Minister Manfred Lahnstein was planning to compete with him in 1984. Grumbling about the intruder from the village of Schoeller near Duesseldorf, Noebel said: "He is from the Lower Rhine; let him run there!"

And in fact local SPD bigwigs of the Rhein-Sieg District, which surrounds Bonn, had made efforts to obtain Lahnstein of the new SPD generation as a candidate attractive to the electorate. Yet Lahnstein, who now has moved from Koenigswinter to downtown Bonn, so far has shown no interest in going to the lowlands of party work at the base.

The minister, who has headed the FRG Finance Ministry for only 3 months, perceives negative examples set by his two predecessors, Hans Apel and Hans Matthoefer, who he thinks took on too great a burden by both holding office in Bonn and being active in their electoral districts.

Conversations with his counterparts in London and Paris confirmed him in his thesis that a finance minister should not take on additional tasks.

The result: If he is to go into the Bundestag, he should do so only by getting a spot on the North Rhine-Westphalian Land list--in prominent company with party chief Willy Brandt. Together with North Rhine-Westphalian Minister-President Johannes Rau, Lahnstein soon plans to settle the question of a possible de luxe candidacy of this kind.

The immodest claim directed to the SPD to help gain entry into the Bonn parliament through a side entrance is being made by a career man who, though he had become a party member as early as in 1959, already in his capacity of head of the Office of the Chancellor placed the interest of the government and his own convictions ahead of party doctrine.

The more he refused to yield to the wishes of SPD headquarters in Bonn when he was head of the Office of the Chancellor, the more the financial expert Lahnstein, who originally was transferred from Brussels to Bonn at the behest of Chancellor Willy Brandt, gained the respect of his chancellor. His reputation reached a high point when after Hans Matthoefer's resignation Helmut Schmidt in the person of Lahnstein, of all people, named as his successor the comrade who had dissociated himself most clearly from the employment policy decisions of the Munich party congress.

Yet, in light of the assembled expertise of market economists Schmidt and Lahnstein, irate protests about the civil servant's nomination ended in embarrassing submission.

In his inimate circle, Schmidt went so far as to concede super-Schmidtian abilities to his favorite, saying that he could say the worst things to people and still always remain friendly and cheerful. "That is something I cannot do," the head of government said.

What is more, the chancellor even admitted the young man, who parts his hair sometimes on the left and sometimes on the right, into the exclusive circle of industrious politicians. Previously Schmidt had counted only three persons as members of this circle--himself, Herbert Wehner and Hans-Dietrich Genscher.

Lahnstein really is a "genius," the chancellor raved, "with the qualities of a genius generally consisting of 5 percent genius and 95 percent industriousness and work."

Schmidt thinks very highly of his finance minister for having put an end to the dispute with the FDP concerning the 1983 budget in a comparatively short time. In addition to the leader of the FDP Bundestag deputies, Wolfgang Mischnick, it is Lahnstein who is said to have played the prominent role in that operation.

With such solid cover, Lahnstein can afford to go on the attack. There is no lack of victims he can make feel his qualities--ability and eloquence.

Side by side with his FDP economic colleague Otto Graf Lambsdorff and with the support of Schmidt, the finance minister blocked all attempts of the SPD leadership to permit an even greater indebtedness in the 1983 budget. Willy Brandt and his manager, Peter Glotz, wanted to use higher credits for public investments to create additional jobs.

Yet Lahnstein claims credit for having submitted "the budget to the best of my knowledge and belief--in accordance with my insight into economics, into finance and into fiscal policy." All there remained for Peter Glotz to say was that the employment policy component of the budget had turned out to be "meager," with economic and financial policy having "fallen for neoconservatism."

When trade unionists attacked the Bonn economy measures and DGB [German Labor Union Federation] boss Ernst Breit said that there would be protest

actions, the former Duesseldorf union official Lahnstein merely shrugged his shoulders, saying: "If any protest immediately were to make me buckle under, I should not have started in the first place."

Privately he made it known that the unions with their protests just wanted to divert attention from their difficulties in coping with the Neue Heimat affair, with Bonn serving as a scapegoat.

Once involved in argument, Lahnstein right away ventured to tackle a subject taboo to Bonn financial politicians--the subsidies for Berlin. With his proposal to curtail the Federal subsidies for Berlin flights, the finance minister was guided solely by economic criteria. Dismissing political misgivings of the Allies or Hans-Juergen Wischnewski, minister in the Office of the Chancellor and government representative in Berlin, he stated that, after all, Ben Wisch had been there when the coalition consulted about the subsidy curtailments.

The result: Owing to savings of about DM 100 million over the next 4 years, the Berlin CDU Senate will be able to disparage the Social Democrats as unpatriotic fellows and enemies of Berlin.

Nor is the newcomer at the cabinet coalition table bothered by the fact he sometimes has to draw back. When he was still head of the Office of the Chancellor, ministers took it amiss when, unlike his predecessor, Manfred Scheuler, he interfered in the politicians' discussions. For example, Lahnstein already as state secretary had protested the introduction of gratis postage for packages for Poland, saying that such an exception had a prejudicial effect, but the cabinet overruled him.

When he was head of the Office of the Chancellor, ministers charged that Lahnstein was neglecting his actual job of organizing and coordinating the work of the cabinet, saying that the number of submitted proposals had increased, with the result that ministers at cabinet sessions were confronted with controversial subjects and problems at cabinet sessions without due preparation.

At the climax of the coalition dispute about starting to have patients share in the cost of hospitalization, Lahnstein proposed to take advantage of his boss's authority to set guidelines to resolve the impasse between Social and Free Democrats, saying that since Schmidt, after all, had submitted a proposal it now ought to be accepted, for under the constitution the chancellor did enjoy a prominent position.

Jurist Hans-Dietrich brushed back his young colleague, pointing out that "there is no authority to set guidelines as far as laws are concerned." A member of the cabinet commented sarcastically: "There you see the civil servant coming through; a politician would never present such an argument."

The finance minister's manner was also rather that of a civil servant at the discussion in the cabinet about a new schedule of fees for physicians. Early in July Labor Minister Westphal had presented a proposal under which the

doctors were to put up with a small reduction in income. When the chancellor briefly left the conference room, Genscher suddenly announced that he was against the proposal.

Wanting to help his party friend Westphal, Lahnstein asked the vice chancellor indignantly: "Why are you so negative? All ministers have signed off on proposal."

Despite the fact that many ministers took the opposite view of Genscher in the matter, they were unwilling to let Lahnstein curtail their right to speak up and intervene at the cabinet table. The upshot of the ensuing discussion was that the initialing of a proposal did not deprive any minister of the right to change his mind at the cabinet table. And the FDP saw to it that Westphal had to submit new calculations about doctors' fees a week later.

Breakdowns of this kind are not preventing the dashing Lahnstein from limiting his activities. On the contrary, colleagues of his in the cabinet have noted that the instances of the finance minister speaking up are increasing all the time. At Schmidt's table he takes a--generally pointed--stand on all kinds of subjects regardless of whether they concern his ministry, from the Law of the Sea to the ability--nonexistent in his opinion--of Turkish foreign workers to integrate.

Social Democrats have long since been suspecting that--with support from high up--someone is staking a claim to higher tasks here.

Manfred Lahnstein as a new candidate for chancellor of the SPD?

No later than the end of next year Helmut Schmidt will have to commit himself on whether--provided that the Social Democrats are still in power--he will run once more in 1984.

Some SPD deputies are already speculating that by that time Schmidt may have built up his foster son to the point of Lahnstein being accepted as a matter of course as the successor the chancellor wants--an operator for the eighties, respected by the middle-class voters and able at any time to form coalitions with Free and even Christian Democrats--in a word, Schmidt II.

Liberal Minister of the Interior Gerhard Baum considers this a realistic prospect. He says: "It makes sense to set one's sights on a man who is knowledgeable in the principal fields and quadrilingual to boot. This is not true of Mr Vogel or of Mr Rau."

Leader of the Opposition Helmut Kohl too liked the elegant slender minister when he made his inaugural visit after taking office, saying that he was "very relaxed, likable and sound."

Among those Social Democrats, however, who pay less attention to a brilliant image than to party policy, such testimony is apt to arouse distrust. Dieter Spoeri, financial expert among the SPD Bundestag deputies, comments: "Lahnstein is a model athlete for the TV democrats in Bonn, but that doesn't mean by a long shot that he has the SPD's support in fiscal and economic policy."

NUCLEAR PLANT ENDANGERS BOERNER'S CHANCES IN HESSE ELECTION

Hamburg DER SPIEGEL in German 26 Jul 82 pp 22-23

[Article: "A Nail in Its Heel--By Deciding To Have a Reprocessing Plant Located in Hesse, Minister-President Has Taken On New Problems: There Is a Threat of Riots, and Even More Voters Are going Over to the Greens"]

[Text] As far as the farmer's wife from the Hessian Wangershausen is concerned, the hope is green. "The election must turn out the same as in Hamburg," speculates the woman who had not shown an interest in politics in the past, "so that 120 hectares of woodland need not make way for such nonsense."

Her neighbor, a 45-year old farmer, would rather rely on the work of his hands. "We will fight until nothing is possible any longer," he says; "the west runway will be peanuts compared with it."

Since the decision by the Wiesbaden cabinet last week selecting the village in northern Hesse, part of the small municipality of Frankenberg above the Edersee, as the place for a planned reprocessing plant (WAA) for burned nuclear fuel rods, the inhabitants of the region have been getting ready to resist. In Wangershausen, as the place is referred to jocularly, 145 of 163 persons entitled to vote have protested the construction of a nuclear plant. On cowsheds one can see posters with warnings such as "No WAA, or there'll be no life for our kids!"

In the Rural District of Waldeck-Frankenberg about 20 citizens; initiatives have banded together against the WAA, with likeminded people at previously selected locations promising their support. Protestant Pastor Wolfgang Kelm from Wethen, which dropped out as a place for the WAA last year because of a threat of earth faults, promised: "We will save our strength for the next location." The citizens' initiatives in Merenberg/Waldbrunn in the Westerwald, in competition with Wangershausen until last week, sent word: "We are with you."

In newspaper advertisements 58 physicians and pharmacists of northern Hesse attacked the nuclear project as constituting a "focal point of danger of unsuspected proportions." From Frankfurt arrived the message: "We don't want a WAA either."

According to municipal politicians, it may be expected that, as in Gorleben, Brokdorf and at the Frankfurt airport, violent squads of rowdies from all over the FRG will make their way to northern Hesse. Frankenberg Mayor Sepp Waller, SPD, predicts that this "will take up the last 3 years of my term in office."

Hesse Minister-President Holger Boerner might be deprived of power as a result of the WAA selection. The fact that the area for the controversial nuclear plant was selected not quite 10 weeks before the Landtag election, thus reprocessing a hot issue in Hesse Land politics, is bound to drive additional voters into the arms of the Greens. In the Frankenberg area these are now counting on 30 percent of the vote. According to Manuel Zimmermann, spokesman of the citizens' initiatives, the to-and-fro about the WAA location has had "the effect of a forest fire."

The minister-president shied away from the road his CDU counterpart Ernst Wlbrecht had traveled 3 years earlier. Following clashes between police and demonstrators, Albrecht declared out of hand that the nuclear-waste plant which was then planned for Gorleben--a WAA with an annual capacity of 1,400 tons and a waste storage place--was "not feasible politically."

Boerner, who by planning a WAA in Hesse stepped into the breach and, as he put it, pulled "a nail from the heel" of the Federal government, was unwilling to give in to the pleading of anxious comrades to postpone the decision about the location until after the election. "Surely one cannot just chicken out," said an adviser of the minister-president.

In fact the head of government, who was hurting, had just got ready to make it up a little to his cheated comrades. The line he took concerning labor market policy, demanding greater contributions by those earning more, was entirely in keeping with that of the former picture book Social Democrat.

And when Boerner, loyal follower of the chancellor, now also criticized the economy decisions of the Bonn coalition, particularly people's own contribution to the cost of hospitalization, as "socially unjustified," he even earned again the applause of his comrades in southern Hesse who because of his undeviating concrete and nuclear course had largely turned away from their Land chairman.

In settling the question of the WAA location, which he thought had to be done, the head of government at least was able to claim to have imposed his will on his dissident coalition partner--thus risking a break. When FDP Economics Minister Klaus-Juergen Hoffie demanded that the selection of one of two suitable locations should be left to the German Company for the Reprocessing of Nuclear Fuels (DWK) as the entrepreneur, Boerner refused, saying: "A government must not make itself the assistant of industry."

Boerner also included in the cabinet decision some safety provisions which were designed somewhat to reduce the terror of the WAA project. The WAA waste disposal was not to occur "at the location under consideration," and no license would be granted "until the waste disposal is insured."

It also went without saying, Boerner noted, that the licensing would depend "on the basic decision about the waste disposal" to be made by the Bundestag in the mid-eighties. With a swipe at Hoffie ("the enlightenment work by the minister responsible so far has not borne the right fruit") saying: "I would like to persuade, not run over, people."

The Social Democrat did not deviate a jot from his conditions at the cabinet session in his official mansion last Tuesday. If this did not suit the FDP gentlemen among the ministers, the head of government said curtly, they would just have to leave as early as now. But Hoffie and Minister of the Interior Ekkehard Gries swallowed Boerner's demands and stayed. "They prefer to conduct the election campaign from their ministerial chairs," explained a participant in the session; "that way they can make gratis telephone calls."

In the planned nuclear plant with an annual capacity of 350 tons of uranium, a process is to be followed which in the opinion of nuclear scientists has not been fully developed by any means. All six reprocessing plants which have been inaugurated worldwide so far have had to combat considerable shortcomings and, as a result, either have had to operate at a severely curtailed capacity or have been shut down again. For example, the installation in West Valley in the United States was shut down after an accident in 1972. The nuclear plant in La Hague in France, so far the recipient of German waste, because of numerous breakdowns is working only at 10-percent capacity.

DWK nuclear physicist Werner Gries, on the other hand, compares the course of reprocessing the used fuel rods to work in the kitchen, saying: "First the rods are cooked till they dissolve into a sauce, and then you go on the same way as when you skim the cream off the top of the milk." But in the conversion process, during which the antinuclear people think the danger of radioactive pollution is even greater than in the case of nuclear power plants, an explosive material develops in addition--plutonium, which is used for the production of nuclear bombs and as fuel for fast breeders.

The fact that with a WAA Hesse may be paving the way for a breeder is not included in Boerner's deliberations as yet. He thinks it is possible that the DWK will not opt for Wangershausen at all but will go to Schwandorf in Bavaria, where less resistance is likely to be encountered. "That will mean that we stumbled over unlaidd eggs," a Wiesbaden leading comrade says with foreboding.

8790

CSO: 3103/598

KYRKOS DISCUSSES POLITICS OF CHANGE

Athens I AVGI in Greek 1 Jul 82 p 5

[Excerpts] In a speech yesterday in Salonica at a meeting of his party in Aristotelous Square, KKE (Interior) Eurodeputy Leonidas Kyrkos said the following, among other things:

The Energy of the People's Inspiration Is Needed

The Change is not going well. And this is not because there are difficulties. The KKE (Interior) had forebodings that this Change would be a struggle and that nobody ought to expect miracles. But the government bears the great responsibility for the fact that instead of cooperating with the workers, and planning with them in bringing about solutions or in preparing solutions to the problems of the people, it is tossing about in contradictions, confusions, and mutually conflicting interests and leanings, as was shown so characteristically by the Dretakis case.

The people have not lost their enthusiasm for this Change. But they are losing their patience and their confidence in the ability of the government to understand where we are and its ability to chart a correct policy. The ordinary person knows that it is not cooperation with large-scale capitalism which will bring about the solutions. Private enterprise, yes--but subordinated to a democratic planning in which the tone and the direction are given by the public sector. But this planning is constantly getting bogged down.

What is needed is a fresh and energetic impetus in every direction. And this is not an administrative problem, as is presented with the much-praised restructuring--which, we fear, will increase the confusions, the bureaucratic entanglements, and the antagonisms. What is needed is a straightforward policy in the perspective of socialism, what is needed is the vivifying energy of the people's inspiration and initiative, which can be given only by the participation of the workers in the decision-making centers.

The Government is Hesitant

For the KKE (Interior), this aspect is the solution to the problem. Unemployment, underemployment, aid to the small and intermediate businesses, new investments, reorganization of the rural economy centered around the cooperatives, elimination of the middlemen--nothing can be confronted without the participation of the workers themselves in the centers of decision-making.

The government is vacillating in this because powerful circles outside and within it are putting pressure on it. But it must go forward on this. And the people must go forward on this also by way of initiatives from our members and officers, with the people organizing everywhere elective committees for intervention and supervision.

Mr Kyrkos continued by saying that the Right is trying to benefit from this situation. The insolence of its conservative leadership is indescribable. Who has brought the country to its present state? Who has ignored the workers? Who is undermining today the effort toward Change at every step? Who is politically organizing and shielding the opposition and the aggression of the capitalists? The workers do not forget that their primary battle-ground is always the rightist line and the policy of the Right, and they will not fall victim to its demagogy. But the only course which will keep this policy from succeeding is for the Change to go forward by steady and bold steps.

For Change and Socialism

On the other hand, it seems that the dogmatic KKE [KKE (Exterior)] is rubbing its hands over the government's mistaken policy--in many sectors--its vacillations and its confusions. Perhaps it is waiting to cash in on the dissatisfactions at the elections. But the failure of this Change, if it is not accompanied by confidence in another solution, may be paid for dearly. And with the policy of the dogmatic KKE, its leftist demagogy and its exploitative practice, it cannot inspire confidence among the broad masses of our people.

The policy of the KKE (Interior), its democratic practice, its unifying policy of building the broadest possible social and political alliance for the sake of the Change and socialism--yes! These things can win the confidence of the people. It is around this policy that the communists of Greece must rally, whatever it is that has divided them up to now, so that we communists and socialists together, from within a common struggle and with reciprocal and open criticism, can decisively lay the foundations for the construction of a new Greece, of the Change, and of socialism, accompanied by democracy and freedom!

12114

CSO: 4621/420

EDITORIAL DISCUSSES FOREIGN BASES

Athens I AVGI in Greek 1 Jul 82 p 5

[Text] The government must accept serious responsibilities as the result of the revelation that the Souda military base has been used by the Americans to transport American soldiers (wearing Israeli uniforms) to Lebanon on military aircraft. It is not the first time that the American-NATO bases in our country have been used to promote the imperialist strategy in the eastern Mediterranean and the Middle East, even though these bases supposedly were established for "defensive reasons," for the "security of the Western World" from the "danger out of the north," and although for 30 whole years now it has not been necessary, of course, to ever use them for this purpose. It is quite well known that the foreign bases on our national soil were also used by the Americans in the Seven-day War against Egypt in the summer of 1967, as well as in the "Attila" [Turkish] invasion of Cyprus. This new American affront to the government itself and to our people, who are expressing in countless ways their unreserved support for the holy struggle of the Palestinians, is provoking indignation and rage from the public. And the Greek government ought to speak on behalf of this public opinion by setting in motion as quickly as possible the process for the removal of the bases and the disengagement of our country from the military arm of NATO. This extremely insolent imperialistic knavery is confirming once again how weak and untenable are the government's allegations about being able to exercise national control over the foreign bases. Moreover, there is also the case of the dismissal from the American base at Ellinikon of a trade-union officer belonging to the base's union of Greek workers, on whose behalf the government is unable to enforce the implementation of the Greek legislation which forbids dismissals for unionist activity. Daily life confirms that there does not exist even the slightest room to exercise genuine control over these foreign bases, and the problem boils down to removing them.

12114

CSO: 4621/420

EDITORIAL ON SITUATION OF PRESS CRISIS

Athens ELEVTHEROTYPIA in Greek 28 Jun 82 p 1

[Text] In the week which just passed, the "red-hot" news was not only that which the press published, but also that which concerns the press itself:

1. A morning newspaper closed yesterday. The fact that this newspaper is the ELEVTHEROS KOSMOS is no reason for any democratic citizen to rejoice. In a democratic society, pluralism in the framing of ideas--whatever these ideas may be--is as necessary as oxygen for the human organism. And it is preferable for even the enemies of democracy--and of Change--to express themselves openly than for them to conspire in secret. What is important here is that the ELEVTHEROS KOSMOS succumbed to its financial debilities.

2. Another newspaper, the KATHIMERINI, has been hinting in a delphic fashion (in a column by Eleni Vlahou) that it is approaching its "honorable end." The reason: Again financial adversity--that is, the enormous liabilities which have been left for years now by the publishing of this paper.

3. Rumors have been increasing that also other morning newspapers are leaning toward the suspension of their daily circulation, so that they can change into Sunday editions. Other newspapers are facing the dilemma: To close up or to sell out.

4. Simultaneously with all this, the balance sheet of the ERT [Greek Radio and Television] has been published, with this showing--hold your breath--profits of 685 million drachmas for 1981!

If one reflects that the balance sheets of almost all the Athenian newspapers are adverse ones in the same period, one easily comes to the conclusion that:

The press in Greece is passing through difficult times, at a moment when one of its chief competitors--that is, the State-run and monopolistic radio and television--is succeeding in a business sense, despite its perennial mismanagement and wastefulness. It is succeeding because:

Like a robber it snatches from the press its most fundamental financial revenue, advertising--something which does not happen in any other country of the world even when radio and television is the monopoly of the State.

In a way, it also has monopolistic exclusive rights over the government's news--interviews and statements--news which the newspapers are obliged to refrain from publishing for 12 to 24 hours!

We do not maintain that this is the sole reason for the financial misfortunes of the press. But it is a very primary one. It is a critical reason. And it is also infuriating.

Nobody can rejoice when newspapers close down. No matter what faction they belong to. And nobody can close his eyes to the danger which is contained in the unchecked buying out of newspapers and--worse yet--their dependence on foreign interests.

It is possible for the ERT (and of course also the YENED [Armed Forces Information Service]) to acquaint us as to their excess profits, but if the problem of the press is not studied seriously and dealt with in a fundamental way, soon we will all weep bitterly about the things which will happen. Not only in the sector of the press, but also within the heart of our democracy.

12114

CSO: 4621/420

PIRAEUS DOCKERS REFUSE TO UNLOAD ISRAELI SHIP

Athens I AVGI in Greek 26 Jun 82 p 1

[Article by "V. Stef."]

[Text] Two Israeli ships came loaded to the port of Piraeus and left the port still loaded, following the decision by the Union of Port Workers to boycott the ships of Israel.

This decision was taken unanimously by the Administrative Council of the dockers in order to underline their condemnation of the Hitler-like invasion of Lebanon by Israel.

With this action on their part, the 2,600 regular and apprentice dockers of Piraeus are joining their voices with the voices of the entire Greek people in calling for an immediate end to the slaughtering of the heroic people of Palestine.

In a discussion which we had with representatives of the Administrative Council of the dockers' union, we learned that this suspension of loading and unloading will last indefinitely.

"We have been told that if our example is followed by comrades in other countries, it will lead to results which certainly will be costly to the economy of Israel.

"Israel must understand that public opinion worldwide condemns its actions and supports the rights of the Palestinian people."

Moreover, the Federation of Regular Port Employees of Greece is supporting the Palestinian people and is refusing to participate in the loading and unloading of ships which fly the Israeli flag.

Furthermore, the dockers' colleagues in Salonica will also be siding with the decision of the Administrative Council of the Piraeus dockers' union.

At the same time that they made their decision on an economic boycott against Israel, the dockers also passed the hat for aid to the Palestinians.

The collection of money met with a great response, and some of the contributions which were made were touching. The money which will be collected will be deposited to the account which was opened by the GSEE [Greek General Confederation of Labor] on behalf of the Palestinians.

BRIEFS

UNILATERAL NUCLEAR DISARMAMENT--At a meeting of the University of Iceland Students' Council on Thursday, 1 July, considerable disputes arose over a resolution on peace issues. Vaka, the association of democratic students, and the Association of Students for Reform sponsored a proposal rejecting any ideas of unilateral disarmament under the slogan: "Iceland out of NATO! No military!" The following resolution was passed at the students' council meeting: "SHI [University of Iceland Students' Council] supports those parties and movements which sincerely fight for a more peaceful world. SHI hopes that the superpowers will agree on a bilateral disarmament and the first step is to put a freeze on the nuclear military force and later to eliminate it. SHI warns against the idea that unilateral disarmament will result in creating peace in the world. SHI urges all interested powers to unite for peace." Spokesmen for Vaka and the reformist group pointed out in debates on the above-mentioned proposal at the meeting of the Students' Council that talks about peace were not the private affairs of certain powers and that it was wrong to try to use this call for peace in the interest of certain factions. The talks should be on the broadest base possible and should aim at obtaining general unity, as only then will results be certain. [Text] [Reykjavik MORGUNBLADID in Icelandic 3 Jul 82] 9583

CSO: 3111/43

PCI DIRECTORATE STATEMENT ON LOCAL GOVERNMENT REFORM

Rome L'UNITA in Italian 22 Jul 82 p 2

[Text] The PCI Directorate is drawing the attention of the whole party and all democratic forces to the alarming situation of great difficulty and precariousness which the regions and local agencies find themselves in. An offensive is underway against the regions and the system of local autonomies; it is taking the form in particular of a reduction of resources allocated to them, and therefore, of services performed for the citizens. Despite the achievement of balanced budgets and an important commitment for investments; despite the containment of regional and local current expenses below the rate of inflation; despite the systematic delay in the transfer by the state of funds owed to local agencies; despite increased taxation at the local level and a demonstrated willingness to further increase withdrawals through local and regional tributes, the government is again making threatening proposals to impose further restrictions.

At the same time, together with the perpetuation of old forms of centralism, a new one is making progress, based on so-called "integrated administration," i.e. a complicated network of 99 sectorial organs of comanagement involving ministries, regions and local agencies, and 181 exhausting administrative procedures. All this considerably reduces the autonomy and powers of local bodies, and tends to subordinate the role of the regions to the central authorities more and more; it makes the regions more unwieldy as active administrative agencies, and hinders the organic recomposition of the administrative function of the communes, basic entities of democracy, and the affirmation of a new role for the provinces as intermediate agencies for planning and coordination.

This trend must be opposed and reversed; the decisive subject of a democratic and autonomist reform of the system of local agencies and of the regions' role in national life must be put to the country and its democratic forces again; a great political and cultural battle must be relaunched to deal with the issues of institutional reform and democratic planning with the active participation of the regions, provinces and communes.

The draft reform for the local order recently approved by the council of ministers, if it makes it finally possible to overcome the block that has for years interfered with the work of parliament due to the failure of the

government and majority parties to fulfill their obligations, confirms and aggravates the negative political direction that has been followed so far. The draft further emphasizes the deep gap between repeated important statements in favor of local autonomy made by political forces like the PSI and the DC, and the practice of governments and the parliamentary majorities that express them: a practice made of continued resistance to changes which are indispensable by now, of steps backwards with respect to the achievements of previous years, or, worse, of measures which contrast with the principles of a state with a constitution which calls for a state founded on autonomies, decentralization and participation.

In fact, the draft restricts the autonomy of local agencies by subordinating their functions to many "sectorial" laws; it does not recognize or guarantee to communes and provinces the role of general representatives of the community; it renders impossible any effective intervention by regions in planning, as they are excluded from all effective relations with local agencies; it confirms archaic and inefficient control systems; despite the constitution, it exalts the obsolete function of supremacy of the prefects; it does not attempt to deal, even in a general way, with the problem of the financial autonomy of local agencies and its coordination with public finances in general.

The parliamentary discussion about the local order and the reform of regional and local finances, which is also urgently in need of approval, appears as a fundamental moment in a great political and ideal battle for a constitutional duty which all democratic political forces should be invited to participate in, without exceptions and independently of their position with respect to the present government. At the same time, it tends to win a new kind of economic and social development. The link between the social-economic goals of this development and a broadening of the autonomy of communes, provinces and regions is a necessary condition if the many choices of a democratic political economy are to achieve--with the support of the masses--a significant shift in resources from certain forms of private consumption to social services and investments, and a selection--in the area of expenses of regions and local agencies, too--which combats waste and concentrates means and efforts in the South in a sustained effort.

Thus this battle belongs to all the workers and all citizens, not just those operating within institutions.

The PCI leadership invites all the party organizations to discuss this resolution and the additional points brought up by the central section for the regions and local autonomies, and develop the appropriate unitarian initiatives so that the parties, the parliamentary groups and the government will undertake to carry out concretely the autonomy reforms the country needs.

The PCI Leadership
Rome, 21 July 1982

9855
CSO: 3104/258

REVIEW OF PCI BOFFA'S BOOK ON STALINISM

Rome L'UNITA in Italian 22 Jul 82 p 5

[Review by Paolo Spriano of book "Il fenomeno Stalin nella storia del XX secolo: le interpretazioni dello stalinismo" [The Stalin phenomenon in the history of the 20th century: interpretations of Stalinism] by Giuseppe Boffa, Laterza editore, 272 pages]

[Text] A book by Giuseppe Boffa presents various interpretations of the Soviet leader. Historians agree on very little where Stalinism is concerned. Why is this so, after so many years?

It seems superfluous to remind the readers of columns in which Giuseppe Boffa has been writing about socialism and foreign policy for 35 years that he is an expert on the vicissitudes of the Soviet state and Soviet society. But it is not superfluous to note with satisfaction that, like a true expert, constantly proving himself in his daily commentary, he compares well with scholars in scientific rigor and philological expertise, as he demonstrates brilliantly in this new book; not just because the author should be given credit, but because this can be used as a point of departure for a more general discussion.

This new book is a classic of the history of historiography. On the subject of Stalinism, its nature, its origins, its heritage for the present, Boffa has systematically delved into a thick array of criticism with various interpretations. It was not easy to identify them, group them, sum them up, and follow their internal processes of penetration. His having done it in this way gave excellent results because he goes from historiography to history from reading the ideas of others to a more mature expression of his own.

It is clear that such a precise and detailed inlay was made possible by a knowledge of the subject and political zeal already evident in the author's past works (besides his two basic volumes on the "History of the Soviet Union," we should also mention those about "The Great Turning Point" of the 20th congress and on the "Post Krushchev: era, as well as the "Dialogue on Stalinism" interwoven with Martinet, a first approach to a theme by now thoroughly explored. Boffa also stresses one point of methodology, namely that one cannot understand the problem of Stalinism without interpreting

the entire Soviet experience, both as it fits into Russian history and as it fits into the world events of this century. And another implication does not escape him: certain characteristic features taken on by the USSR during the Stalin period have been retained, so the historical debate inevitably gets mixed up with the dispute about the present. In other words, there is no precise, clear-cut boundary between historical interpretation and political attitude.

This brings us to the most authentic cultural significance of the book. Entering, as readers, the labyrinth of the most varied judgements, we see that the author helps us overcome the last traces of ideological schematicisms which turn the phenomenon under investigation into an object of Manichean affirmation or instinctive rejection. Stalinism as a power system emerges more clearly from the analysis: it is a power system with its own compelling dynamics. Without a historical measure of these proportions, Boffa suggests, the links with a discussion of the present would not be apparent, either, in all their clarity and complexity. The various "interpreters" started from an essential question: how could it happen that the state of the Soviets created by the Bolshevik revolution was transformed into the tyranny of one man wielding the power of life and death over tens of millions of others?

The range of opinions opens on this kind of scenario. Some seek a general explanation in the nature of Leninism, of which Stalinism is said to be a legitimate offspring, some say, on the other hand, that Stalin represented a comeback of the old authoritarian Russia; some present the schema of the "totalitarian regime" again to remind one that Stalinism was merely one version of contemporary dictatorships like Fascism in Italy and Nazism in Germany. The theoretical or sociological keys are certainly not the only ones, and are often the ones that work the least well. Many interpretations favor the economic picture; this is true of those who insist that Stalinism was a road to development, a necessary coercive state machine needed for the titanic effort made to conquer backwardness and achieve industrialization. At the opposite pole is the Trotskyist school, which sees in Stalinism the triumph of the "counterrevolution," and a repetition of the degeneration of Thermidor. Then, between Trotsky and some of his followers there was bitter disagreement about the measure of this involution: had it undermined the very foundations of the class nature of the new state, or could it be overcome because the collectivization of the means of production had transformed Russian society, and therefore, as Trotsky believed, Stalin's USSR remained a society in transition to socialism? And here a new category of criticism is inserted--developed by Yugoslav Marxists--the category of "statism." Its gaining the upper hand, with manifestations like those in Stalinism, is said to be a sign that socialism, so as not to degenerate into an oppressive bureaucracy, must expand through self-management.

We have only mentioned a few interpretative models. Gradually, criteria have been reinforced--also with respect to what Stalin left that is permanent--which stress the element of bureaucratic and conservative domination, "an oligarchical power structure," with a "monolithism" which guaranteed continuity after Stalin and after Krushchev, resisting the "reformist" pushes which emerged from the Krushchev, phase. But even within this dialectics between

conservativism and reformism, some people stress the processes of change which continue in various directions, from a trend toward greater egalitarianism to one of a greater spreading out of decision-making power.

Sometimes Giuseppe Boffa seems to "get out of" the dispute, merely trying to point out all the hypotheses and subhypotheses put forward by others. But this is not really the case, as he shows us with the "balance sheet" he draws up in his concluding pages, as well as earlier, with the way in which he presents his anthology of interpretations. Every interpretative line has some validity, but none cover such a complex phenomenon exhaustively. The complexity of Stalinism is a concept which dominates Boffa's whole vision of the problem. Complexity does not mean vagueness or illegitimateness of the term. By pointing out a series of components, a series of derivations including those outside the USSR, urging us not to close the discussion but to improve our analysis, the author can call Stalinism an answer--a drastic answer (nationalism instead of internationalism; the requirements of development rather than an affirmation of socialist ideals and way of life; maximum authoritarianism rather than democratic participation)--to problems raised by the Russian revolution itself and by the historical evolution of the modern world.

In fact, the discussion is anything but closed; nevertheless, one cannot ignore the results already obtained. The phenomenon of Stalinism existed, and its heavy heritage exists. It is indispensable to reckon with it.

9855

CSO: 3104/258

LO SPOKESMAN, INDUSTRIALISTS, BANKERS DISPUTE 'FUND' MERITS

Stockholm DAGENS NYHETER in Swedish 28 Jul 82 p 6

[Article by Mats Hallgren and Magdalena Ribbing]

[Text] "The labor movement has clearly changed its attitude toward the wage earners' fund question between 1975 and 1982.

"Then, in 1975, an arrangement was demanded that would fix the development for many years to come, and the focus was on influence. Now there is a very different attitude and much greater understanding for the market economy."

So says P.O. Edin, who is an LO [Swedish Federation of Trade Unions] economist and has devoted a great deal of time to wage earners' funds ever since 1975.

Today he is one of the Social Democrats' experts on the question and co-author of the report that the LO and the Social Democrats have published.

"It is important for anyone who wants to keep up with the wage earners' fund debate always to bear in mind that there is no completed bill," Edin says. "There is a decision to introduce wage earners' funds according to certain principles, but otherwise the question is very much open."

Risk Capital

"If we are to take it from the beginning, I must enumerate the principles that there is a party congress decision on," says Edin.

- The fund system will be decentralized; i.e., many funds.
- The money will come from an extra 1-percent ATP [General Supplementary Pension System] assessment and from profit sharing by the firms.
- The money will be used as risk capital for the economy.
- The fund management will follow democratic forms.

Within these wide limits, then, the Social Democrats will introduce wage earner funds; that has been clearly stated.

Where the Money Comes From

The money for the wage earners' funds will come from two different sources.

□ □ □ An increase in the ATP contributions from all employers. It has been proposed that the increase be about 1 percent.

□ □ □ Profit sharing by the firms. Between 15 and 20 percent of the firms' excess profits will go to the funds. How excess profits will be defined is still unclear.

"The report that we worked out later is in many respects a rough sketch of how a wage earners' fund might look. It is about that sketch that the party, after an election victory, will get discussions started with all concerned," says P.O. Edin. (The gist of that report has been given in a previous article.)

Confusion

The confusion in the wage earners' fund debate that easily arises in the election campaign is due to the fact that the discussion is being carried on on two planes: The theoretical plane is often mixed up with the preliminary report.

And when Olof Palme said in his Visby speech on Monday that "there will be direct election to the boards of directors of the funds," that was by way of making the preliminary (not yet adopted) report more precise.

"In LO circles there has long been opposition to exclusively trade-union fund management because that would give the trade unions a difficult double role. Now the labor movement has united on the principle of direct election," says P.O. Edin, but he adds:

"This does not mean that it has been established that there will be general direct election. That question must be solved later."

Basic Deduction

In the political debate it is now being said that the Social Democrats are backing up and changing their position to make the wage earners' funds less frightening.

"It is our political opponents that are crediting us with complete schemes, and that compels us to issue a lot of explanations and additions," says Edin.

One such addition, for example, is that we may think of a basic contribution of perhaps 100,000 kronor in profit sharing. Firms with very small profits would be completely exempted from the profit sharing, and according to Social Democratic calculations half of all corporations would escape profit sharing. A one percentage-point increase in the ATP contribution, however, remains for all.

Details of how the profit sharing will be done have not been determined, either. All that is clear is that a part of a still undefined excess profit will be set aside for the fund system.

"That question, too, is open for discussion, and so it is impossible to say today how large a part of the firms quoted on the stock exchange will be owned by funds in 1990 or the year 2000," says Edin.

"To clear up the debate, however, we have said that it will not be over 20 percent at the beginning of the 1990's," he adds. "Personally I believe it may come to between 7 and 15 percent."

More Modest

From the time when the wage earners' fund question arose in 1975 to the present there has been a definite change of attitude, especially within the LO, Edin says. Then, in 1975, questions of influence were pushed hard and there was a demand for a decision that would fix the development for many years to come.

"Today we take a more modest position and also have much greater understanding of the market economy's significance for production and growth," he says.

This kind of thinking also characterizes the attitude toward how the wage earners' funds shall manage their money, how the money shall be invested.

"Through the wage earners' fund question a great many people have come to know a good deal about the stock market and what it means for a rational utilization of capital," says Edin. "That knowledge and that understanding will increase in a future wage earners' fund system."

P.O. Edin is a proponent of strict profitability requirements for the wage earners' funds.

"The fund that, e.g., invests 20 million kronor in a hopeless firm that goes under must continue to pay interest on that 20 million to the ATP system from its other resources," says Edin. "And the fund that has invested its 20 million well will have money left over so that it can take greater risks."

"This is one of the fundamental ideas involved in the wage earners' funds, namely that the responsibility for a better return and increased profits will be spread," says Edin. "And that the influence will at the same time increase the understanding of this."

[Passage missing]

The Social Democratic party congress stated that a decision on funds should have broad support among the citizens.

On the capital formation and the returns to the ATP system the congress agreed with the study group, but also considered that there should be room to consider how the greatest possible participation could be made available for the individual citizens.

The placement of the capital will be based on the funds themselves deciding what stocks they want to buy. The fund managements should be appointed in an initial phase after recommendations from the union organizations. But

a system of direct election should be investigated.

The LO congress was of the same opinion.

The LO congress felt that important considerations of principle favor choosing the fund managements by direct election.

But at the same time, the LO congress said, there are considerations that favor the managements' being chosen by the union organizations, among others that the selection procedure would then become very simple.

The congresses thus did not say that the funds will be just as the joint study group said. But that report is to be used as a basis for further work. And Olof Palme is the one who has the greatest mandate to form the provisional proposal that, according to the recommendations, will come into force on the first of the year if the Social Democrats get a majority in the fall election.

Some Views of Palme's Fund Initiative

Leif Blomberg, chairman of the Metal Workers' Union: "I am neither disappointed nor excited when the statements follow the resolution of the LO congress. Altered profit sharing for small firms is an adjustment and an interpretation of the resolution, so that it will have no unreasonable consequences. And Palme's statement about direct election to the boards of directors of the funds is nice, if only it is possible. I consider it just as appropriate as before for money to be put into productive investments so that the firms will have prospects of surviving for the foreseeable future. Wage earners will surely refrain from wage increases if that means that they will have a job."

Hans Cavalli-Björkman, managing director of the S-E Bank in Malmö and member of the Liberal Party committee: "I am much confused about what the proposal on the funds really means, since it has been said that the profit sharing will be changed for small firms and direct election will be introduced. It is not wage earners' funds that are being proposed, but citizens' funds, if everybody is to vote for the fund managements. The proposal tends to be mere details which are changed when criticism is directed against it. My criticism is still that the wage earners are being robbed of the little they can hope to get in wage increases through forced saving in a system that nobody knows anything about."

Carl Hamilton, economist at the University of Stockholm: "Walter Korpi and several Social Democratic economists--myself included--have long advocated direct election to the funds, which would then become a sort of citizens' funds. There should be universal and equal suffrage, because the power over production should be in the hands of the people. It will not do to single out the wage earners. But I should like for Gunnar Nilsson to be just as clear as Palme on the fund election. He expressed himself obscurely the other day. The fund question has always been in dispute within the party, and among the intellectuals there has never been any support for union control of the funds."

Rudolf Jalakas, bank director in the Handelsbank [Commercial Bank] of Stockholm: "It is a retreat to talk now about general election to the funds. But

economically it is no great departure from the basic idea. It is still collective ownership, and that is the greatest threat to the market economy. *How* the collective organs are formed is a secondary question. By attacking the unions so violently as fund managers the non-socialists have put a fine weapon in the hands of the Social Democrats. The latter have now done a skillful tactical maneuver, but it is not of great importance.

"I have never concerned myself much about the fund debate, for I have always lived in the faith that in the end there will be a customary Swedish compromise that will do neither harm nor good."

Assar Lindbeck, professor of economy at the University of Stockholm: "Palme has expressed a personal sympathy for general election to the funds. But the fact is that two congress resolutions exist that say that the wage earners, through the union, shall control the funds, and not the whole people. It is an advantage, however, if the ownership is separated from the union, which would [otherwise] get into an impossible double role. The reason for the switch is still that the party leadership is afraid of losing the election over the fund question, and now either wants to depart from the congress resolution or wants to lay a smoke screen--the former, it is to be hoped. Unfortunately, the Social Democratic Party has never given up on collective ownership. General election to funds that own stocks is traditional socialization."

Lennart Bodström, chairman of the Central Organization of Salaried Employees: "I do not wish to comment; we generally do not comment. What has just happened in the fund question is only a maneuver by one of the political parties."

"Certainly I have an opinion, but it is considered best for me not to express it. If you want to read off the state of opinion in this country all you have to do is look at the bathing trunks worn by the economy's lifeguards on the beaches."

Hans Werthén, head of Electrolux and chairman of the Federation of Swedish Industries: "My position has not changed. The funds are two new taxes--a tax on profits and a tax on wages. How the taxes will be used will be determined by a new extraparlimentary body--the fund managements. There will still be a Riksdag. I do not believe wage demands will decrease unless people get individual shares and papers for what they own. We all own SJ [the Swedish State Railways], but I have not noticed that people waive wages to improve the train service. I do not understand why the LO begrudges its members private ownership. The most serious thing about the proposal is that fresh growth in small and medium-sized firms will be impeded."

Erik Hovhammar, member of the Riksdag (M [Moderate Coalition Party]), chairman of the business association SFR [National Swedish Association for Private Enterprise]: "I have not changed my attitude toward wage earners' funds. What is happening is that the LO's and the SAP's [Social Democratic Labor Party's] congress resolutions concerning them are changing. With collective regional funds there is great risk that money will be invested in the wrong firms simply to maintain employment in certain localities. Business and the free market forces know best how money shall be used. Today there is not a lack of money, but a lack of profitable projects. And nobody dares invest when he does not know what will happen to the funds. Today the Social Democrats are jumping hither and thither for reasons of campaign strategy."

BOOK BY ENVIRONMENT PARTY MEMBERS DESCRIBES GOALS

Stockholm DAGENS NYHETER in Swedish 28 Jul 82 p 8

[Review by Owe Nilsson]

[Text] "The Environment Party is a party of dissatisfaction. We are dissatisfied with the policy, so out of touch with reality, that is pursued in the Riksdag, and we mean to change it."

That is written by one of the party's own members in a newly published book.

The book, "Här kommer Miljöpartiet!" [Here Comes the Environment Party!], is written by 20-odd Environment Party members and attempts to answer all the questions about the party that are piling up before the election.

In addition to the party platform it contains a number of articles on how the party grew up, what its views of society are, what questions are most important--in short, what it really wants to do with Sweden.

The party rejects the traditional division into left and right and wants to work independently of bloc formations.

"The old Marxist model, capitalists vs. workers, is obviously outmoded in Sweden," Per Gahrton writes in an article on the party's view of society, and he adopts the French sociologist Durkheim's theories instead.

The foundation for the Environment Party's view of society is an "ecological alternative critique," Gahrton says. He puts forth social theories for this. A better division than that into capitalists and workers is that into "interests" ("e.g., firms that want to engage in activities destructive to the environment") and "those affected" ("e.g., neighbors that may be killed by toxic emissions").

If "those affected" really got into power, "the framework of welfare capitalism would break down." They differ from the "organized working class" in that they make not only quantitative demands but also qualitative ones, such as cleaner air, untouched nature, living environment, poison-free food, etc., according to Gahrton.

The party wants private, cooperative, and state enterprises to operate side by side. Concentrations of power of all kinds will be opposed. Also dependence on foreign countries. How this is to be combatted is not further explained.

If the party gets into the Riksdag it may come to play the part of a weighing-master. But the party refuses to say how it will behave, e.g., in the election of a prime minister. All that is said is that the party does not plan to vote for any other party's candidate. But nothing about whether it will vote "no" or abstain.

"The other parties do not announce such things before the election, either," says Ragnhild Pohanka, who for the time being is the party's spokesman.

8815

CSO: 3109/213

PAPER SEES 'DILEMMA' IN ENVIRONMENT PARTY CAMPAIGN PROGRAM

Stockholm DAGENS NYHETER in Swedish 29 Jul 82 p 2

[Editorial by Svante Nycander]

[Text] Those who criticize the Environment Party should bear the other parties' shortcomings and failures in mind. The new party has been formed because those hitherto responsible for policy lack well-thought-out answers to important questions concerning the future. How will we provide energy in an environmentally justified way with reduced dependence on oil and without nuclear power? Can Sweden, as an exception among industrialized countries, give employment to all in a time of automation and computerization? The Environment Party is grappling with difficult problems and should not be scornfully dismissed because it does not have an answer for all current political problems.

The Environment Party has a quite detailed political program. On Wednesday it published a campaign platform and a debate book with the title "Nu kommer Miljöpartiet!" [Here Comes the Environment Party!].

The party makes demands that make the VPK's [Communist Left Party's] lists of desiderata look moderate and balanced. But in the party's own opinion this does not constitute an overbid, since at the same time it proposes a lowered material standard. Anyone who votes for the Environment Party is taking a stand for an alternative policy that involves entirely new priorities. But no indication is given as to how much the material standard must be lowered, and hardly any as to the very method of accomplishing the lowering.

But there is a deeper contradiction in the very view of society. The Environment Party considers the development toward big units, large-scaledness, as the root of much evil in today's society. "The control of our economy has gotten more and more into the hands of multinational firms and international agencies. ... Control over production has moved further and further away from those who produce." Key concepts for the Environment Party are small-scaledness, decentralization, and self-governing democracy. In the debate book Hans Granqvist writes that "democracy is threatened by the increased control of the whole society at the top." The Environment Party considers decentralization and small-scaledness as a method of reducing this undemocratic control at the top.

So far the reasoning is easy to understand. But when you read the party platform you discover that the Environment Party wants to realize its objectives by means of a far-reaching regulation policy, which would increase control at the top.

The party wants to abandon free trade. It is unjustified, they reason, that "we are importing products that can be produced in Sweden." We should produce our basic necessities ourselves, i.e. foodstuffs, textiles, energy, and housing.

The party distrusts competition and free movement of prices. "We want democratic control of plants, which is important for the country's economy and job market." Democratic control stands here as an alternative to market control. "Production of goods and services must not be an end in itself, but satisfy basic human needs." This seemingly self-evident proposition--who proposes production as an end in itself?--has often been used as an argument for a planned economy. The idea that lies behind it is that the market does not determine real needs and that society must therefore control production.

The party wants to abolish the MOMS [value-added tax] and increase the taxation of something called luxury consumption and unnecessary consumption. What the party wants to attack is rather *extravagant* consumption, but in that case it is wide of the mark. The most harmful extravagance consists not in the purchase of special luxury goods, but in an everyday overconsumption of all sorts of goods, especially foodstuffs.

Today's "luxury standard" in new construction and renovation of housing must be stopped, the Environment Party says. That way we do nothing to reduce the generally high space standard--housing area per person--that is an important cause of overconsumption of energy and other scarce resources. The Environment Party wants "strong measures to reduce housing costs," which can only increase the demand for housing space. What use is it, then, to intervene against "luxury housing"?

The party wants to introduce price control on land, buildings, and condominium and cooperative apartments, i.e. over the whole real estate market. Then who gives permits to buy a detached house or a cooperative apartment at the regulated price? Must not the authorities set up waiting lists or assign housing according to need?

The eagerness to regulate and control also characterizes the attitude toward modern technology. The party sets a great many conditions, e.g. that computerization shall not be effected in such a way that people are cut out of the economy or their work experience goes for nothing. If the program means anything, in that case some authority must be given a veto power against new technology in the plant.

To turn the whole development of society in a new direction requires effective tools. How is it possible to avoid winding up in bureaucratization, control at the top, and abuse of power in the course of the work to realize the vision? The Environment Party has not shown that it understands this dilemma, which is common to all radical parties.

8815

CS0: 3109/213

SUPPORT OF ARMY LIGHT AVIATION DIVISION DESCRIBED

Paris TERRE-INFORMATION in French Mar 82 p 7

[Article: "A Component of Our Capability--Support of ALAT"]

[Text] The accident rate of ALAT [Ground Forces Tactical Air Support] is the lowest among light aviation units in the world.

The degree of immediate technical availability of the French Army's helicopters and aircraft could be the envy of other armed forces, French or foreign.

Thus, the support of ALAT is guaranteed.

Mission

ALAT's materiel unit repairs (periodic visits to the third echelon, some to the fourth) supplies and controls materials and credits under the item "ALAT maintenance," insures technical supervision of materials in service and management of the "aircraft" potential. It takes part in research on new equipment, controls ALAT's units as regards technical organization and the quality of maintenance, and trains specialized officers and noncommissioned officers.

--Hours devoted to repairs for direct and fourth echelon support total 873,000 a year.

--Hours devoted to flights are as follows: Control flights, technical liaison flights, ALAT-ESAM [ALAT-Advanced Materiel Handling School] instruction and escort flights total 10,500 hours a year.

--Volume of supplies:

Replacement: 38,780 items

Annual orders handled by the central store: 81,000 items.

--Volume of ALAT's technical activities:

Spectroscopic analyses of aviation oils: 40,000 a year.

Organization

To fulfill this mission, the materiel unit has the following available:

At the regional level:

--Four groupings and three ALAT support detachments;

--A central store in a general reserve facility belonging to the materiel unit and which also effects fourth echelon repairs;

--Three specialized ALAT annexes of regional facilities of the materiel unit;

Overseas detachments, permanent or temporary.

At the central level:

--Various central organs of the materiel unit (Central Directorate, Technical Control, Technical Materiel Studies, Central Supplies Service, Advanced Materiel Handling School);

--Personnel in organs outside the materiel unit such as the Army Technical Section and the Technical Section of Aeronautic Programs.

About 1,000 personnel, both military and civilian, who are highly specialized, help in the execution of ALAT's mission.

Thus, the setup of the mission, organization of support, and the personnel's high level of specialization all contribute to the materiel unit helping ALAT to permanently maintain its operational capability at a high level.

2662

CSO: 3100/783

BUDGET FOR MILITARY INFRASTRUCTURE STRESSES MODERNIZATION

Paris TERRE-INFORMATION in French Feb 82 p 2

[Article: "A Note on the 'Infrastructure' Budget of 1982"]

[Text] Despite budgetary difficulties owing to an unfavorable economic situation, the territorial Army will continue its effort in 1982 to adapt its infrastructural facilities to new living and working conditions in its units.

Preparation for the adoption of modern equipment and improved living conditions thus continue to represent priority goals.

Nearly 10 percent of the capital equipment credits (Title V) of the Territorial Army are allocated to this item of expenditures, that is, 1,889 million francs.

Out of this overall amount, a small part is earmarked for acquisition of land and for the infrastructural facilities of the armed services while the bulk (85 percent) is allocated to the housing of units and schools as tabulated below:

Item	Millions of francs	Percentage
Modernization of old schools:	94	6
Important operations focusing on Aix-en-Provence (military school);		
Angers (EAG [Army Engineering School])		
Carpiagne (CIABC [Armor and Cavalry Instruction Center])		
New schools and barracks	283.6	18
including the following:		
Vincennes	24	
Gap	75	
Pau, 1st RCP [Paratroop Regiment]	43	
Sathonay	17	
Draguignan	37	
Le Luc	23	
Modernization of old barracks	1,093.7	68
Miscellaneous operations	86.7	5
Energy conservation	46	3

The breakdown of the 1,093 million francs allocated for the modernization of old barracks is as follows:

<u>Item</u>	<u>Percentage</u>
Improvement of living conditions	50
including renovation of 8 company messes and 4 buildings for the troops;	
construction of 28 buildings for the troops	
Officers' living conditions	5
Marty Plan	12
Improvement of living conditions, firing ranges, and maneuvers at national camps;	
1982 project at the following locations:	
--Sissonne	
--Mourmelon	
--Bitche	
--La Courtine	
Sports and education	8
including 2 stadiums and 4 gymnasiums	
Adaptation of technical infrastructure	25
including 7 complete technical zones;	
8 2A-2B workshops	

In 1981 the effort focused on new barracks, notably with the letting out of sizable contracts at Vincennes (76th Infantry Regiment), Laon (517th RTCA Regiment), Pau-Pont Long (5th RHC Regiment), Gap (for the 4th RCH Regiment), Draguignan (EAA-EAASA [Air Force Warehouse-EAASA]), and Le Luc (ESALAT [Advanced ALAT School]).

In 1982 the focus is essentially on the renovation of existing infrastructural facilities as a function of the programs established by the regions.

The points of emphasis continue to be the following:

--Improvement of living conditions to create a modern environment but one without unnecessary luxury;

--Adaptation of technical installations to new equipment;

--Continuation of the Marty Plan at the anticipated tempo to upgrade the national army camps.

By way of conclusion, the 1982 budget will make it possible, within the framework of the 2-year intermediate plan, to continue the adaptation of the infrastructure to modern living, working and training conditions subject while continuously seeking the optimal cost-effective ratio to check the rise in construction costs above that of allocated funds.

2662

CSO: 3100/783

FIRST, SECOND ARMY CORPS TO CARRY OUT CONVENTIONAL, NUCLEAR WAR

Paris TERRE-INFORMATION in French Mar 82 pp 1, 4, 5

[Article by Gen Jacques de Barry, 1st Army Commander: "The Battle Corps"]

[Text] In the context of our defense policy what is the 1st Army? What is its purpose? How does it function?

What Is the 1st Army?

It is the Operational Command of Combat Forces of the Territorial Army. In peacetime it includes the I and II Army Corps. Additionally, its chief is qualified to supervise the operational training of all the Territorial Army's divisions. In wartime the 1st Army is a "geometric variable," that is, it can include two or three army corps, plus a certain number of infantry divisions (including paratroop and Alpine divisions).

What Is the Purpose of the 1st Army?

In the face of potential threats in Europe, it leads, in close cooperation with the Tactical Air Force (FATAC), the conventional and nuclear operations of the forces placed under its command. I stress the ground-and-air linkage of such operations: A major unit, whatever its level and its power, could not isolate the air threat and deal with it alone without benefit of the direct and indirect cover and support of our air force.

Such a commitment is made on the government's decision, in cooperation with our Atlantic allies or not, with due respect to the clauses of that alliance of which we are members, even though we no longer belong to integrated [military] organization. Thus engaged in military action against the enemy, the 1st Army is the principal element in the French president's freedom of choice as to the role of the Strategic Nuclear Force [FNS]. For us it is a matter of testing the real intentions of the enemy, indicating to him our determination not to submit to his power, proving to him through our fighting and if necessary through the use of our Tactical Nuclear Force that he has a wrong perception regarding our resolution--in a word, giving him a final warning before resorting to our strategic nuclear weapons.

How Does the 1st Army Function?

In case of conflict, the government, advised by the chief of the general staff, would evaluate the situation and decide whether the 1st Army should be engaged in a given manner and if so what its makeup would be. The latter could thus include two or three army corps. The presence of a third "pawn" since 1979 significantly increases the flexibility of our reaction. It may allow us either to vary our action or to "place in check" a secondary threat in another direction.

In every case, it is necessary for the 1st Army, in facing a major threat, to commit a significant number of forces in order to be credible. That is why it would be necessary to add to the armored divisions which are part of the army corps the support of those infantry divisions which are not indispensable elsewhere. Such beefing up would be all the more valuable to the extent that the foreseeable theater of operations will be highly urbanized but will include hilly and covered regions which are the preferred terrain for infantry.

Thus constituted, with its 30 Pluton missile launchers, 1,200 tanks and 400 helicopters, reinforced by about 100 infantry companies and with the support of all or some of the 450 aircraft of the French Air Force, the 1st Army has sufficient power available to fulfill its mission. This power is necessary; it should maintain a technical level competitive with the enemy's capabilities which are being modernized at a steady pace. Otherwise, there would be a risk of our warning not being taken seriously by a determined adversary and our importance in the Atlantic alliance, which is the result not only of our nuclear capability but also of our conventional power, would be affected.

That is why all of you are involved: most certainly you in the armored units mechanized units, nuclear or conventional artillery units...you who serve in units of the 1st Army; but also you infantrymen, marines, paratroopers, Alpine troops, you whose specific missions often take you very far from the traditional battlefield in Central Europe.

In the last analysis, the effectiveness of our "battle corps" depends on your training, your competence, your resolve.

Table 1 Makeup of the 1st Army

[Strength]:

- 3 army corps
- 8 armored divisions
- 7 infantry divisions
- 200,000 men
- 30 Pluton [missile launchers]
- 1,200 tanks
- 3,000 armored vehicles
- 400 artillery pieces
- 400 helicopters

[Mission]:

1. Planned principally for combat in Europe, the battle corps, the major component of our ground forces, has as its principal role to check temporarily, whether or not in cooperation with France's allies, an enemy who would be approaching or be close to the French borders from the north or the northeast.

A genuine shield at the disposal of the government, the battle corps' commitment should make the following possible:

--To test the enemy's intentions;

--To gain time by inflicting significant losses on him, bringing into play tactical nuclear weapons at the government's orders;

--To evidence the country's determination.

2. Focused around a system of tactical nuclear weapons and armored units, the battle corps is characterized by the following;

--A nuclear capability providing obvious significance to its commitment and conferring on it exceptional power of destruction and imposing severe constraints on the enemy's actions;

--Great strategic and tactical mobility enabling the battle corps to become involved in movements of great scope and to rapidly change postures;

--Very strong antitank firepower;

--Excellent capability to go into action on very short notice.

3. Upon the orders of the chief of the general staff of the armed forces (CEMGA), the 1st Army is charged with planning and leading ground-air operations in cooperation with the Tactical Air Force (FATAC). The 1st Army includes two or three army corps, eight armored divisions, and all or part of the seven infantry divisions on active duty.

4. The army corps is the level for executing ground and air operations and for using tactical nuclear weapons. It directs the operations of divisions and insures the search for and synthesis of tactical data. It constitutes a logistical level capable of supplying and maintaining the divisions placed under its orders. The makeup of the army corps varies as a function of its missions. It can include from three to five divisions, including at least one infantry division.

The regrouping of helicopters at the army corps level endows it with an exceptional capability for antitank operations in the face of an enemy's armored threat.

5. The armored division is a major interservice unit capable of waging mobile and aggressive combat of a certain duration. It includes 7,000 men and makes available for combat 500 armored vehicles, including 150 battle tanks.

It generally receives reinforcements: Ground-to-ground and ground-to-air artillery, civil engineering units, and air transportation capabilities.

Its characteristics of firepower, mobility and flexibility, its ability to wage combat in a contaminated zone and in a nuclear or chemical environment make the armored division the principal instrument of the battle corps.

6. Complementary to the armored divisions, the infantry division, light and diversified, is able to take antitank and antipersonnel action in difficult terrain and under conditions of reduced visibility. Consisting of 7,100 men, the infantry division has very strong antitank firepower available, thanks to its numerous Milan missiles and 89-millimeter antitank rocket launchers. It is entrusted principally with facilitating and completing the action of the armored divisions by operating preferably at major urban intersections, breaks in the terrain, or in hilly or covered terrain.

2662

CSO: 3100/783

EIGHT PRO-NATO, PRO-DEFENSE ORGANIZATIONS TO UNITE

Oslo AFTENPOSTEN in Norwegian 27 Jul 82 p 4

[Article by Per Arne Langen]

[Text] Beginning in the fall eight organizations for support of NATO and a strong Norwegian defense will act united in a common organization. The aim is to support the government's security and defense policy and to counteract the forces that can in the long run break down the Norwegian will for self-defense.

The eight organizations that will come together under a new umbrella organization are the Norwegian Defense Association, the Norwegian Reserve Officers' Union, the Norwegian Women's Defense League, the Norwegian League of Military Comrades' Associations, the Linge Club, Milorg, the D-13 Club, and the War Veterans' Association. These are the same organizations that once backed the establishment of "Defense of Norway."

The new organization will serve as a common forum for those interested in defense in Norway, and it will be an executive organization for measures to increase the will to defend ourselves and understanding for NATO cooperation. It is meant to provide a counterbalance to the organizations and movements that are trying to bring about a weakening of faith in Norwegian defense.

All eight organizations are positively disposed toward cooperation, even though the forms of cooperation have not yet been determined. The work of building up a separate secretariat is already under way, but the final formalizing of the organization will not take place until after the summer holidays. For that reason it is also unclear who is to have the day-to-day management of the organization.

In the beginning it is the intention to finance the organization with its own funds. Over the longer term, however, it will be dependent on outside funds. The organization will get new quarters on the Sporveisgate, where several of the organizations involved already have offices.

8815

CSO: 3108/141

OFFICER 'ALARMED' AT AMOUNT OF WEAPONRY MISSING FROM STORES

Oslo AFTENPOSTEN in Norwegian 5 Aug 82 p 4

[Article by Knut Falchenberg: "Colonel Ole Jakob Hald Warns That Tens of Thousands of Weapons Are Missing From Depots"]

[Text] "There are unacceptable shortages in the military depots over large parts of Ostlandet, thousands of weapons are missing. I believe that the circumstances should be made public rather than keeping them secret," said Colonel Ole Jakob Hald to AFTENPOSTEN. From 1974 until Wednesday he was commander of the land defense of Oslo, Akershus and Sor-Hedmark. Here the orders for war have been given in advance: There will be no thought of retreat by Norwegian units while we wait and hope for reinforcements.

Hald knows what it means to mobilize soldiers on short notice. At Easter in 1978 the first Norwegian Lebanon contingent was called to Onsrud, and a surprising shortage of equipment for individual soldiers made it difficult to set up the UN force. But it was done.

Since then Defense District 4 has sent 10,000 men to Lebanon. Among the corporals and privates the average age has been 27 years. Among the officers, three-fourths come directly from civilian life.

"Actually recruiting for UN service is rising slowly, and it looks as though a large number of the new recruits apply after talking with close friends who have been in Lebanon. Old UN soldiers recruit new," said Hald. "Service in Lebanon is valuable for the Defense Forces; the forces get international experience, they learn leadership and practical service where they are operating 24 hours a day with live ammunition on all sides, and they learn to work in high readiness. Furthermore the forces have 100 percent realistic training in building all kinds of entrenchments--in recent years the forces have several times been fired over by 800 shells in a few hours, with as many as 50 hits in the middle of the Norwegian positions. This happened without anyone being injured, thanks to good readiness and good positions. They have also had realistic experience in sanitary service," said Hald.

Now retiring, he has been the commander for 8 years, since 1974, of the land defense of Oslo and vicinity, where 20 percent of the country's population lives. These 820,000 people normally provide a good foundation for the Defense Forces.

"Unfortunately I am ashamed that we have not been able to utilize the resources better. Military personnel who have spent their time in north Norway or on large staffs often have difficulty seeing the great potential of a city area such as ours, which is of international importance. Here we can quickly call in large forces, just as fast as soldiers on leave can return to the standing units in the north. We have great morale during exercises, and during recent years we have done much work on giving crystal clear advance orders and wide powers to the individual local commander. He does not need to ask before he acts. Our tactics are clear: In this tightly populated area we will not conduct a delaying war. We will not retreat and give up terrain to the attacker while hoping for reinforcements. There is no talk of waiting for allies, but of digging in firmly. For that purpose we have army units, the Home Guard and the Royal Guard, which are not parade units, but a special force, which can be seen from the names. The security of the royal household is of great importance in wartime."

Enormous Shortages

"With our good foundation, it is disheartening to know about the great shortages in equipment. Unfortunately I can not go into details," said Hald, who in the last information sheet from his unit urged publication of the shortages.

"The situation is such that in Norway numbers and data can be published about the great systems, about the fighter planes, or about submarines. But for some remarkable reason if there are shortages in light weapons or ammunition it is stamped secret. The really large shortages which concern thousands upon thousands of soldiers are held secret. There are many surprises buried here," said Hald.

In the depots in his district there are shortages of weapons which are loaned out to school units, rifles, mortars and antitank weapons.

In addition a large number of the weapons are in Lebanon. Many are stored in north Norway, 1500 kilometers away from where they should be. Furthermore we are counting on a reserve of 25 percent in all of our units. That means that when we have plans for 100 men we call in 125. For this reserve there are no weapons in storage, even if they are called in. Neither have we any weapons in storage for volunteers over age 44 who will show up.

Hald will not give exact figures for the shortages, but he says that the numbers for the hand weapons are in the 10,000 class. For light antitank

weapons the number is some thousands, and for support weapons such as the "Carl Gustav" antitank grenade and mortar there are several hundred missing.

"What is the equivalent of these shortages in lost fighting power?"

"I estimate that altogether it amounts to several battalions!" said Colonel Hald, who believes that the Defense Forces should set aside money for basic equipment before purchasing exotic fighters, submarines and computer centers.

9287

CSO: 3108/144

MILITARY

NORWAY

POLL SHOWS RECORD NUMBER BACK EXISTENCE OF MILITARY DEFENSE

Oslo AFTENPOSTEN in Norwegian 29 Jul 82 p 3

[Text] Our military defense can be cited for top support. The latest poll done by Norwegian Market Data for FOLK OG FORSVAR shows that 86 percent think Norway should have a military defense in the present situation. Only 6 percent are of the contrary opinion. Along with the corresponding poll in 1980 this is the highest support that has been registered since these polls began in 1969. Corresponding studies have been done annually since 1973 with the same questions presented. The latest study was done in April. The support in the poll last year was 80 percent. Since then the support has increased in all parties with the exception of the SV [Socialist Left Party]. Of those who are of the opinion that Norway should not have a military defense, 19 percent indicated that they were pacifists.

8815

CSO: 3108/141

END